BUILDING AN ENERGY FUTURE

ANNUAL REVIEW

ROYAL DUTCH SHELL PLC ANNUAL REVIEW AND
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ABOUT THE PHOTOS

The images in this Review are taken from our Let's Go advertising campaign. They highlight ways in which we use energy in our everyday lives. Each photograph gives a different view of the ways in which energy helps us. By understanding this, we can all understand why the future of energy is so important.

ABOUT THIS REVIEW

The Annual Review and Summary Financial Statements is an abridged version of the Annual Report and Form 20-F of Royal Dutch Shell plc. It does not contain sufficient information to allow for a full understanding of the results and the state of affairs of Shell, and of its policies and arrangements concerning Directors' remuneration. For further information consult the full, unabridged document, which can be freely obtained at http://reports.shell.com.

BUILDING AN ENERGY FUTURE

GLOBAL ENERGY DEMAND IS RISING AND SO ARE CONSUMER EXPECTATIONS – MORE PEOPLE WANT ENERGY FROM CLEANER SOURCES. AT SHELL WE WORK WITH OTHERS TO UNLOCK NEW ENERGY SOURCES AND SQUEEZE MORE FROM WHAT WE HAVE. WE DO THIS IN RESPONSIBLE AND INNOVATIVE WAYS. IN BUILDING A BETTER ENERGY FUTURE WE ALL HAVE A PART TO PLAY. SHELL IS DOING ITS PART.

OUR 2012 PERFORMANCE

$46
BILLION
NET CASH FROM OPERATING ACTIVITIES

$27
BILLION
CCS EARNINGS ATTRIBUTABLE TO ROYAL DUTCH SHELL PLC SHAREHOLDERS

$1.72
DIVIDENDS ANNOUNCED PER SHARE

$4.32
CCS EARNINGS PER SHARE

3.3
MILLION
BARRELS OF OIL EQUIVALENT WE PRODUCED PER DAY

50%
SHARE OF OUR PRODUCTION THAT WAS NATURAL GAS

$1.3
BILLION
AMOUNT WE SPENT ON R&D

44,000
NUMBER OF SHELL SERVICE STATIONS

20.2
MILLION
TONNES OF EQUITY LNG WE SOLD

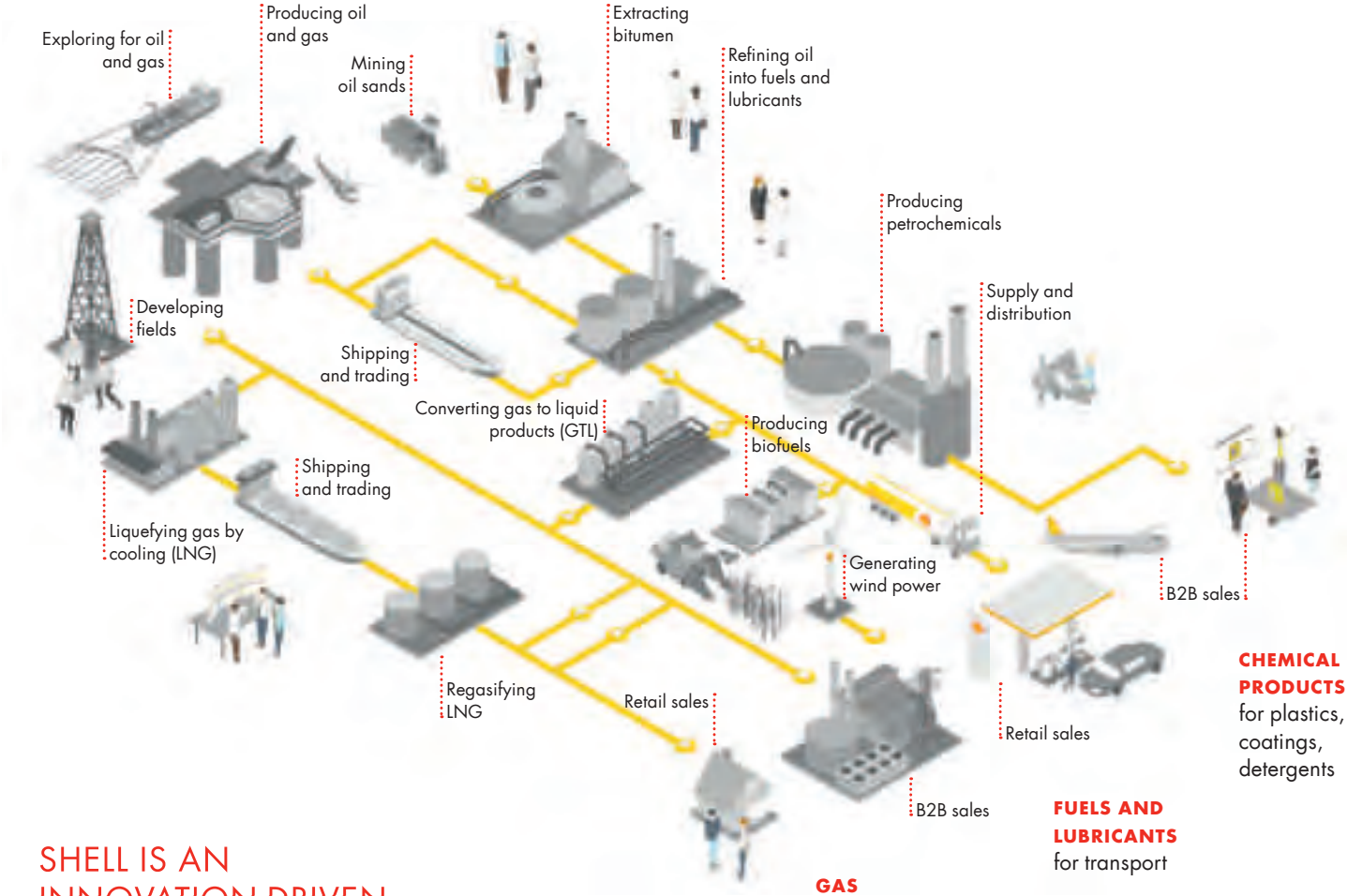
70+
NUMBER OF COUNTRIES IN WHICH WE OPERATED

87,000
AVERAGE NUMBER OF PEOPLE WE EMPLOYED

OUR BUSINESSES

Upstream (page 10) refers to the ways we find and extract crude oil, natural gas and bitumen, while Downstream (page 12) refers to the ways we transform them into products for sale to retail and commercial customers.

To see more of our businesses, view our videos and photos on youtube.com/shell and flickr.com/photos/royaldutchshell.



SHELL IS AN INNOVATION-DRIVEN GLOBAL GROUP OF ENERGY AND PETROCHEMICAL COMPANIES.

CHAIRMAN'S MESSAGE

"WE TAKE A LONG-TERM, STRATEGIC VIEW OF THE COMPANY'S DEVELOPMENT. WE CONTINUE TO INVEST IN, AND MAINTAIN, A DIVERSE PORTFOLIO OF ASSETS, DESPITE ECONOMIC HEADWINDS."

In 2012, we continued to deliver on our strategy in the face of an uncertain economic environment. At Shell, we naturally pay close attention to short-term economic conditions, but we take a long-term, strategic view of the Company's development. We continue to invest in, and maintain, a diverse portfolio of assets, despite economic headwinds.

This gives us a resilience that enables us to build for the future: we can continue to develop major projects to help meet rising energy demand, while operating a global network of refineries and chemical plants that help us derive maximum value from the resources we produce. We balance growth opportunities and investment returns, while continuously seeking to improve operational safety standards, competitiveness and innovation.

The global economic growth rate for the year fell slightly, to an estimated 3.2% from 3.9% for 2011. The average Brent crude oil price for the year was $112 per barrel, very close to the figure for 2011.

Our dividends in 2012 increased to approximately $11 billion, making them the largest in our sector. We expect to increase dividends for the first quarter of 2013 by 4.7%, compared with the same quarter of 2012.

ENERGY AND CLIMATE

Our solid foundations and strategy will enable us to continue to grow in a volatile world facing many difficult challenges. One of the greatest of these challenges is how to meet rising energy demand, while significantly reducing carbon dioxide (CO_2) emissions.

Shell estimates that by 2050, global energy demand could increase by up to 80%, as living standards rise and the world's population grows from seven to nine billion.

Renewable energy, including biofuels, will play a role. Our Raízen joint venture in Brazil turns sugar cane into ethanol, which could reduce overall CO_2 emissions significantly compared with the gasoline it replaces. By 2050, renewable sources could provide about 30% of the world's energy. However, fossil fuels are still likely to meet about two-thirds of energy demand.

Natural gas, the cleanest burning fossil fuel, is central to our long-term business strategy. Shell is a major supplier of natural gas that powers homes and businesses. In North America, we are unlocking gas trapped in tight and shale rock formations. The dramatic increase in gas supplies there, as a result of the shale gas revolution, has lowered prices and brought other advantages. When used to displace coal in electricity generation, it could reduce CO_2 emissions by about half. Now the benefits of tight and shale gas are spreading to other parts of the world, such as China, and we are at the forefront of this development.

The world will also need to address tensions between supplies of the linked essentials of water, energy and food, which could become critical as the population grows. Energy is needed to produce food, and water is needed to produce energy. Shell is leading efforts to understand these stresses, and we are finding ways to recycle and use water more efficiently.

Innovation has a vital role to play in the challenges we face. Since 2007, we have spent more than $1 billion a year on research and development, and continue to deploy new technology. For example, we have formed Sirius Well Manufacturing Services, an international well services company, in partnership with China National Petroleum Corporation. The 50:50 joint venture was incorporated in 2012, and will use advanced techniques to drill multiple wells for tight, shale and coalbed gas extraction in an efficient, repeatable way. It has potential across the world.

We continue to invest in the quality of our people. Our graduate and experienced recruitment programmes, supported by structured learning and development, are focused on providing the capability we need for success in the future.

LEARNING LESSONS

As more accessible resources are depleted, those in challenging environments will be essential in meeting global energy demand in the decades ahead. In 2012, we took the first steps in exploring for new resources off the coast of Alaska. Later events involving our drilling ships were most regrettable. We have since decided to pause exploration drilling in 2013, to prepare plans and equipment for activity at a later stage. Alaska remains an area of high potential for Shell in the long term. We will learn lessons from our experience, and continue to explore for resources there in a careful and measured way.

We will also continue to invest in developing capabilities that help us explore for energy resources in the right way: safely and responsibly, with respect for the environment and the communities we operate alongside.

Jorma Ollila
Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW

"LOOKING TO THE FUTURE, THE PROJECTS THAT WILL HELP DRIVE GROWTH ARE ADVANCING WELL. WE HAVE ABOUT 30 PROJECTS UNDER CONSTRUCTION."

We made good progress in 2012 toward improving our performance, even as we dealt with continued volatile economic conditions. We are on target to meet strategic objectives. And we are delivering the projects that form the foundation of our aim to become the world's most competitive and innovative energy company.

Still, there is work to do. We are focused on further improving our operating performance in key areas, such as oil and gas production and internal processes that influence customer satisfaction.

Let me highlight some of 2012's milestones and achievements. Our overall safety performance in 2012 matched that of 2011. And we continued our strong focus on ensuring our facilities are safely run and maintained. The Shell Sustainability Report has details on our safety and environmental performance.

For 2012 our earnings on a current cost of supplies basis attributable to shareholders were $27 billion. Cash flow from operating activities was $46 billion and, excluding working capital movements, was $43 billion. Net capital investment was $30 billion, as we build a solid foundation for future growth.

We produced 3.3 million barrels of oil equivalent per day in 2012, up 3% from 2011 excluding the effect of divestments and exits, with important contributions from our Pearl GTL plant in Qatar, which is now ramped up, and the Pluto LNG Project in Australia, through our participation in Woodside Petroleum Ltd. Equity LNG sales volumes of 20.2 million tonnes were up 7% compared with 2011.

In exploration, we continue to expand our portfolio, adding 120,000 square kilometres of new exploration acreage in 2012, including positions in liquids-rich shales. We participated in seven notable conventional exploration discoveries and appraisals, and 10 successful unconventional appraisals.

HARNESSING INNOVATION

We are building on our heritage as innovators and gaining public recognition for our accomplishments. Shell was one of 50 innovation leaders worldwide identified by the MIT Technology Review. We also received industry awards for our Perdido deep-water project in the Gulf of Mexico and our Prelude floating LNG project.

We continue to fine-tune our global network of technology centres to support future business opportunities. That includes increasing our capabilities in India and China. In November, we laid the foundation stone for a new technology centre in Bangalore, India, which we aim to build into a world-class technology hub.

Our Downstream business had a good operating performance for the year, with reduced levels of unplanned downtime. We continued to build on the strength of Shell's brand in markets with growth potential. In Brazil our Raízen biofuels joint venture is making good progress. In its first full year of operation, the venture made a notable contribution to Downstream earnings. Last year we broke ground on Shell's seventh lubricants blending plant in mainland China, to meet rising demand there. And we also announced plans to build a blending plant in Indonesia, another expanding market in Asia.

Our accomplishments in 2012 helped underpin Shell's strong track record since 2010. Over the last three years, our earnings on a current cost of supplies basis attributable to shareholders increased by 45% and our cash flow from operating activities increased by 69%. Compared with our major competitors, over the past three years we have delivered the highest rates of growth in earnings per share and cash flow from operating activities.

BUILDING OUR FUTURE

Looking to the future, the projects that will help drive growth are advancing well. We have about 30 projects under construction. We produced the first oil from the Gumusut-Kakap project off the coast of Malaysia and that will ramp up once a floating production facility is in place. We added a new development phase to our Changbei tight-gas operation in China, adding nearly 1,700 square kilometres, as well as agreeing with our partner, China National Petroleum Corporation, to potentially develop the main reservoir.

In October, we cut the first steel for the hull of our ground-breaking Prelude floating LNG project. In November, the hull for the Mars B project was completed in South Korea and shipped to Texas for installation in the Gulf of Mexico. And we took the final investment decision on the Quest carbon capture and storage project associated with our oil sands operations in Canada, which will reduce our environmental footprint. In all, we took final investment decisions on seven projects during the year.

With our progress in 2012, the growth agenda set out at the beginning of the year is on track. It includes $175-200 billion of cash flow from operating activities, excluding working capital movements, for 2012–2015, assuming the Brent oil price remains in the range of $80-100 per barrel and conditions for North American natural gas and downstream margins improve relative to 2012. It also includes net capital investment of $120-130 billion, and a competitive dividend for shareholders.

Looking further ahead, we are considering about 30 additional projects, giving us an attractive set of options for the longer term. We are now more constrained by capital than by opportunities, which allows us to focus resources where the potential for growth is greatest.

GAS LEADERSHIP

Let me highlight one area where we are already industry leaders and that has great potential for the future: integrated gas projects, which include liquefied natural gas (LNG) and gas-to-liquids (GTL), such as our Pearl plant. Integrated gas projects contributed approximately 40% of our total earnings in 2012.

Integrated gas builds on our strengths in exploration and production, our downstream expertise in creating and marketing high-value products, and our know-how in managing huge projects. Growth will come from Australia, where we have an additional 7 million tonnes per year under construction. Longer term, we are studying projects with capacity of another 20 million tonnes per year, so there is significant growth potential.

North America is one region of opportunity. The shale gas revolution there has unlocked vast resources that provide an attractively priced feedstock. We will soon supply LNG for long-haul trucks in Canada. And we have other LNG, GTL and chemicals options on the drawing board.

In February 2013, we agreed to acquire part of Repsol S.A.'s LNG portfolio, subject to regulatory approval and other conditions precedent. This acquisition will extend our international LNG portfolio.

I expect our strength in integrated gas projects will be one of the drivers of our earnings and cash flow in the coming decades.

STRATEGIC PRIORITIES

As we push ahead with our strategy, we have taken a fresh look at how we manage our portfolio. Going forward we are using a clear set of strategic themes to drive our choices about investment, people and innovation.

First we have our upstream and downstream "engines", which are mature businesses. They generate much of our cash flow. We will continue to invest to keep them running smoothly and to extract additional value.

Next we have our growth priorities, which are three areas of great opportunity for us in the years ahead, thanks to our superior technology and innovation. They are integrated gas, deep water and resources plays, such as shale oil and gas.

Finally we have future opportunities for the longer term, including the Arctic, Iraq, Kazakhstan, Nigeria, and heavy oil. We also continue to ramp up our conventional exploration activities, which we think is a cost-effective way of identifying new resources.

To conclude, we are making good progress toward our objectives. We continue to work hard to improve our operating performance. And we have clear strategic priorities to drive growth and value for our shareholders.

Peter Voser
Chief Executive Officer

Recent speeches by Peter Voser:
www.shell.com/speeches

"I EXPECT OUR STRENGTH IN INTEGRATED GAS PROJECTS WILL BE ONE OF THE DRIVERS OF OUR EARNINGS AND CASH FLOW IN THE COMING DECADES."

SUMMARY BUSINESS REVIEW

PERFORMANCE INDICATORS

KEY PERFORMANCE INDICATORS	2012	2011
Total shareholder return (%)	–0.2	17.1
Net cash from operating activities ($ billion)	46	37
Project delivery (%)	90	79
Production available for sale (thousand boe/d)	3,262	3,215
Equity sales of liquefied natural gas (million tonnes)	20.2	18.8
Refinery and chemical plant availability (%)	92.9	91.2
Total recordable case frequency (injuries per million working hours)	1.3	1.2

ADDITIONAL PERFORMANCE INDICATORS		
Earnings on a current cost of supplies basis attributable to Royal Dutch Shell plc shareholders ($ million)	27,044	28,625
Earnings per share on a current cost of supplies basis ($)	4.32	4.61
Net capital investment ($ million)	29,803	23,503
Return on average capital employed (%)	12.7	15.9
Gearing at December 31 (%)	9.2	13.1
Proved oil and gas reserves attributable to Royal Dutch Shell plc shareholders (million boe) [A]	13,556	14,250
Operational spills of more than 100 kilograms	204	211[B]
Employees (annual average)	87,000	90,000

[A] Excludes reserves attributable to non-controlling interest in Shell subsidiaries.

[B] Updated from 207 to reflect completion of investigations into spills.

RISK FACTORS

The risks discussed below could have a material adverse effect separately, or in combination, on our operational performance, earnings, cash flows and financial condition. Accordingly, investors should carefully consider these risks.

- We are exposed to fluctuating prices of crude oil, natural gas, oil products and chemicals.
- Our ability to achieve strategic objectives depends on how we react to competitive forces.
- As our business model involves trading and treasury risks, we are affected by the global macroeconomic environment as well as financial and commodity market conditions.
- Our future hydrocarbon production depends on the delivery of large and complex projects, as well as on our ability to replace proved oil and gas reserves.
- An erosion of our business reputation would have a negative impact on our brand, our ability to secure new resources and our licence to operate.
- Our future performance depends on the successful development and deployment of new technologies.
- Rising climate change concerns could lead to additional regulatory measures that may result in project delays and higher costs.
- The nature of our operations exposes us to a wide range of health, safety, security and environment risks.
- Shell mainly self-insures its risk exposures.
- An erosion of the business and operating environment in Nigeria would adversely impact Shell.
- We operate in more than 70 countries, with differing degrees of political, legal and fiscal stability. This exposes us to a wide range of political developments that could result in changes to laws and regulations. In addition, Shell subsidiaries and equity-accounted investments face the risk of litigation and disputes worldwide.
- Our operations expose us to social instability, terrorism, acts of war, piracy and government sanctions that could have an adverse impact on our business.
- We rely heavily on information technology systems for our operations.
- We have substantial pension commitments, whose funding is subject to capital market risks.
- The estimation of proved oil and gas reserves involves subjective judgements based on available information and the application of complex rules, so subsequent downward adjustments are possible.
- Many of our major projects and operations are conducted in joint ventures or associates. This may reduce our degree of control, as well as our ability to identify and manage risks.
- Violations of antitrust and competition law carry fines and expose us or our employees to criminal sanctions and civil suits.
- Shell is currently subject to a Deferred Prosecution Agreement with the U.S. Department of Justice for violations of the Foreign Corrupt Practices Act.
- The Company's Articles of Association determine the jurisdiction for shareholder disputes. This might limit shareholder remedies.

SUMMARY OF RESULTS AND STRATEGY

INCOME FOR THE PERIOD		$ MILLION
	2012	2011
Earnings by segment [A]		
Upstream	22,162	24,455
Downstream	5,350	4,289
Corporate	(209)	86
Total segment earnings	27,303	28,830
Attributable to non-controlling interest	(259)	(205)
Earnings on a current cost of supplies basis attributable to Royal Dutch Shell plc shareholders	27,044	28,625
Current cost of supplies adjustment and non-controlling interest	(204)	2,560
Income for the period	26,840	31,185

[A] For earnings presented on a current cost of supplies basis (CCS earnings), the purchase price of the volumes sold during a period is based on the current cost of supplies during the same period, after making allowance for the tax effect. CCS earnings therefore exclude the effect of changes in the oil price on inventory valuation.

EARNINGS

Earnings on a current cost of supplies basis attributable to shareholders in 2012 were $27,044 million, 6% lower than in 2011.

In 2012, Upstream earnings were $22,162 million, compared with $24,455 million in 2011. The 9% decrease reflected higher depreciation charges, increased operating and exploration expenses, lower gains associated with the fair-value accounting of certain gas and derivative contracts and additional tax charges, partly offset by higher contributions from our integrated gas activities (liquefied natural gas and gas-to-liquids).

Oil and gas production available for sale in 2012 was 3,262 thousand barrels of oil equivalent per day (boe/d), compared with 3,215 thousand boe/d in 2011.

Downstream earnings in 2012 were $5,350 million, compared with $4,289 million in 2011. The 25% increase reflected higher realised refining margins, lower operating expenses and a reduced level of impairment. These items were partly offset by lower trading contributions and lower Chemicals earnings, lower divestment gains and lower gains associated with the fair-value accounting of commodity derivatives.

MARKET OVERVIEW

We estimate that global economic growth weakened to 3.2% in 2012, down from 3.9% the previous year, largely as a result of the recession in the eurozone and a slowdown in most emerging markets. In our view, global economic growth in 2013 is estimated to be 3.4%, below the annual average of 3.8% of the last 10 years.

Within the eurozone, uncertainty and austerity measures weighed heavily on economic sentiment and consumer and business spending. In January 2013, the International Monetary Fund (IMF) projected the eurozone economy to have contracted by 0.4% in 2012. According to the same projections, growth of gross domestic product (GDP) in China slowed to 7.8% in 2012, down from 9.3% in 2011, mainly due to lower export growth and slower domestic demand growth. Other emerging economies including Brazil, Russia and India also had lower GDP growth rates. Brazil decelerated most to a rate of 1.0% in 2012, down from 2.7% in 2011. The USA was a notable exception in this environment; its GDP growth rate accelerated in 2012 to 2.3%, compared with 1.8% in 2011.

Reflecting the state of the global economy, global oil demand rose by 0.9% (0.8 million b/d) in 2012 according to the International Energy Agency December 2012 Oil Market Report. A 1.2 million b/d demand increase in emerging economies offset a decline of 0.4 million b/d in developed economies. We estimate that global gas demand grew by about 3% in 2012 with approximately two-thirds of that growth coming from countries outside the Organisation for Economic Co-operation and Development (OECD). Demand grew strongest in Asia-Pacific, the Middle East and North America, while demand in Europe contracted by an estimated 1% overall, and particularly in electricity generation.

Oil and natural gas prices

The Brent crude oil price, the international crude-oil benchmark, traded in a range of $88-128 per barrel during 2012, ending the year at $110 per barrel. Both the Brent and the West Texas Intermediate (WTI) average crude oil prices for 2012 were little changed compared with 2011.

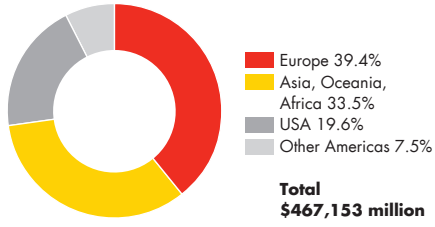
Unlike crude-oil pricing, which is global in nature, gas prices vary significantly from region to region. In the USA, the average natural gas price at Henry Hub was 31% lower in 2012 compared with 2011, and traded in a range of $1.91-3.90 per million British thermal units (MMBtu). Domestic production increased strongly, particularly from onshore gas, which more than offset increased demand, and led to lower prices. The daily Henry Hub spot price briefly dropped below $2 per MMBtu in April following an unusually warm winter, meaning that inventories were high and production had to be discouraged. The daily price recovered to a monthly average of $2.50 per MMBtu in May, and continued to recover due to warmer than normal summer temperatures stimulating gas-fired power generation demand due to its price advantage over coal.

In Europe, prices rose. In the UK, the average price at the UK National Balancing Point was 6% higher compared with 2011. In continental Europe, price increases at the main gas trading hubs in Belgium, Germany and the Netherlands were similar to those at the UK National Balancing Point. These prices reflect a tightening of LNG markets and higher prices in Asia-Pacific. The use of oil-indexed gas pricing is decreasing in continental Europe, with many natural gas contracts now including spot market pricing as a major component.

We also produce and sell natural gas in regions whose supply, demand and regulatory circumstances differ markedly from those in the USA or Europe. Long-term

REVENUE BY GEOGRAPHICAL AREA

excluding inter-segment sales



Total $467,153 million

Shell will help power our cities in the future. For example, our floating liquefied natural gas (FLNG) facility will extract gas and liquefy it far out at sea, off the coast of Australia. It can then be shipped across oceans without the need for pipelines to the shore.

contracted LNG prices in Asia-Pacific are predominantly indexed to the price of Japan Customs-cleared Crude (JCC). In Japan, LNG import contracts have historically been indexed to the JCC benchmark, as burning crude and fuel oil is the alternative option for Japanese power utilities.

Refining and petrochemical market trends

Industry refining margins were generally higher in 2012 than in 2011 in key refining hubs, except Asia. Support for margins in 2012 came from refinery closures in North America and Europe at the beginning of the year, and from unplanned refinery outages later in the year. Some demand growth, especially around the summer holiday driving season in the USA, also contributed, although the economic environment and geopolitical tensions dampened further gains. In the USA a surge of light sweet crude supply and infrastructure bottlenecks also acted to support margins.

A key driver of refining margins in 2013 is expected to be middle distillate demand growth with some support from gasoline during the middle of the year. The overall outlook remains uncertain, with the economic environment remaining fragile, a structural overcapacity in global refining, and geopolitical tensions in some regions that could lead to supply disruptions.

Industry chemical margins in Europe and Asia during 2012 were lower than in 2011 due to declining demand in Europe and lower demand growth in Asia. US ethane cracker margins rose significantly due to increased supply of natural gas liquids, and the wide price differential between crude oil and natural gas. The outlook for petrochemicals in 2013 remains uncertain as demand is strongly correlated to economic growth.

STRATEGY AND OUTLOOK

Strategy

Our strategy seeks to reinforce our position as a leader in the oil and gas industry, while helping to meet global energy demand in a responsible way. We aim to create competitive returns for shareholders. Safety and environmental and social responsibility are at the heart of our activities.

Intense competition exists for access to upstream resources and to new downstream markets. But we believe that our technology, project delivery capability and operational excellence will remain key differentiators for our businesses. We expect about 80% of our capital investment in 2013 to be in our Upstream businesses.

In Upstream we focus on exploration for new liquids and natural gas reserves, and on developing major new projects where our technology and know-how add value to the resources holders.

We focus on a series of strategic themes, each requiring distinctive technologies and risk management:

- our upstream and downstream "engines" are strongly cash-generative, mature businesses, which will underpin our financial performance to at least the end of this decade. Here we only make investments in selective growth positions and we apply Shell's distinctive technology and operating performance to extend the productive lives of our assets and to enhance their profitability;
- our growth priorities are in three strategic themes, namely integrated gas, deep water and resources plays such as shale oil and gas. These will provide our medium-term growth, and we expect them to become core engines in the future. Here, we use the advantages of Shell's technological know-how and global scale to unlock highly competitive resources positions; and
- our future opportunities include the Arctic, Iraq, Kazakhstan, Nigeria and heavy oil, where we believe large reserves positions could potentially become available, with the pace of development driven by market and local operating conditions.

Meeting the growing demand for energy worldwide in ways that minimise environmental and social impact is a major challenge for the global energy industry. We aim to improve energy efficiency in our own operations, support customers in managing their energy demands, and continue to research and develop technologies that increase efficiency and reduce emissions in liquids and natural gas production.

Our commitment to technology and innovation continues to be at the core of our strategy. As energy projects become more complex and more technically demanding, we believe our engineering expertise will be a deciding factor in the growth of our businesses. Our key strengths include the development and application of technology, the financial and project-management skills that allow us to deliver

large field development projects, and the management of integrated value chains.

We aim to leverage our diverse and global business portfolio and customer-focused businesses built around the strength of the Shell brand.

Outlook

We continuously seek to improve our operating performance, with an emphasis on health, safety and environment, asset performance and operating costs. Asset sales are a key element of our strategy – improving our capital efficiency by focusing our investment on the most attractive growth opportunities. Sale of non-core assets in 2010–2012 generated $21 billion in divestment proceeds. Exits from further positions in 2013 are expected to generate up to $3 billion in divestment proceeds. We have initiatives underway that are expected to improve Shell's integrated Downstream business, focusing on the profitability of our portfolio and growth potential.

In early 2012, Shell set out a new growth agenda, to deliver $175-200 billion of cash flow from operations excluding working capital movements for 2012–2015 in aggregate, some 30-50% higher than in 2008–2011. This assumes that the Brent oil price is in the range of $80-100 per barrel and conditions for North American natural gas and downstream margins improve relative to 2012. This cash flow is to finance a 2012–2015 expected net capital investment programme of $120-130 billion, an increase of some 10-20% compared with the 2008–2011 level, and fund a competitive dividend for shareholders. Shell is on track to deliver these targets.

In Upstream we have the potential to reach an average production of some 4.0 million boe/d in 2017–2018, compared with 3.3 million boe/d in 2012. Shell's strategy in Upstream is designed to drive financial growth, with production growth regarded as a proxy for this over the long term. Our 2017–2018 production potential will be driven by the timing of investment decisions and the near-term macroeconomic outlook, and assumes some 250 thousand boe/d of expected asset sales and licence expiries from 2011 to 2017–2018. In Downstream we evaluate selective growth opportunities in chemicals, biofuels and growth markets.

Shell has built up a substantial portfolio of options for a next wave of growth. This portfolio has been designed to capture energy price upside and manage Shell's exposure to industry challenges from cost inflation and political risk. Key elements of these opportunities are in global exploration and established resources positions in the Gulf of Mexico, North American tight gas, liquids-rich shales and Australian LNG. These projects are part of a portfolio that has the potential to underpin production growth to the end of this decade. Shell is working to mature these projects, with an emphasis on financial returns.

The statements in this Strategy and outlook section do not take into account the impact of the recently announced agreement to acquire part of Repsol S.A.'s LNG portfolio.

The statements in this Strategy and outlook section, including those related to our growth strategies and our expected or potential future cash flow from operations, net capital investment and production, are based on management's current expectations and certain material assumptions and, accordingly, involve risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied herein.

PROVED RESERVES AND PRODUCTION

In 2012, Shell added 542 million boe of proved reserves before taking into account production, of which 408 million boe came from Shell subsidiaries and 134 million boe from the Shell share of equity-accounted investments. These additions were negatively impacted by lower commodity prices (431 million boe) and divestments (74 million boe).

In 2012, total oil and gas production available for sale was 1,194 million boe. An additional 40 million boe were produced and consumed in operations. Production available for sale from subsidiaries was 825 million boe with an additional 30 million boe consumed in operations. The Shell share of the production available for sale of equity-accounted investments was 369 million boe with an additional 10 million boe consumed in operations.

Accordingly, after taking into account total production, there was a decrease of 692 million boe in proved reserves, comprising 447 million boe from subsidiaries and 245 million boe from the Shell share of equity-accounted investments.

RESEARCH AND DEVELOPMENT

Technology and innovation provide ways for Shell to stand apart from its competitors. They help our current businesses perform, and they make our future businesses possible. We have been spending more than any other international oil and gas company to research and develop innovative technology – more than $1 billion annually since 2007. In 2012, research and development (R&D) expenses were $1,314 million, compared with $1,125 million in 2011.

Sustained investment in our key technologies continues to deliver results. In 2012, we launched new fuels and lubricant formulations meeting specific customer needs for improved efficiency and better performance. We also began construction of what is likely to be the world's first floating LNG facility, more than 480 metres long and six times heavier than a fully loaded aircraft carrier. The facility is designed to produce natural gas from the Prelude field offshore Australia, cool it into a liquid and pump it onto LNG tankers – all done at sea. The idea was born and developed entirely within Shell as part of an innovation-stimulating programme called GameChanger.

The development of Shell technology is based on the needs of our customers and partners, and is intrinsically linked to our strategic objectives. In 2013, the key objectives of our R&D programme will remain unchanged. We will continue to focus strongly on technologies supporting our various businesses. For example: novel seismic acquisition systems that help reveal previously unnoticed geological details; methods based on the application of chemicals, heat or solvent gases to increase the amount of oil ultimately recovered from fields; and biofuels derived from non-edible plants or crop waste. We also continue to work on technologies to reduce the environmental footprint of our operations and products.

We remain committed to further shortening the time taken for technology to move from the laboratory to deployment in the field. Our technology portfolio will maintain a healthy balance of new and mature developments. That will mean an increase in the number of proposed concepts, more rapid termination of less promising projects and increasing focus on larger-scale field tests and demonstrations.

UPSTREAM

KEY STATISTICS		$ MILLION
	2012	2011
Segment earnings	22,162	24,455
Including:		
Revenue (including inter-segment sales)	94,550	91,691
Share of profit of equity-accounted investments	8,001	7,127
Production and manufacturing expenses	16,474	15,606
Selling, distribution and administrative expenses	1,226	1,276
Exploration	3,104	2,266
Depreciation, depletion and amortisation	11,387	8,827
Net capital investment	25,320	19,083
Oil and gas production available for sale (thousand boe/d)	3,262	3,215
Equity LNG sales volume (million tonnes)	20.2	18.8
Proved oil and gas reserves at December 31 (million boe) [A]	13,556	14,250

[A] Excludes reserves attributable to non-controlling interest in Shell subsidiaries.

Our Upstream businesses explore for and extract crude oil and natural gas, often in joint ventures with international and national oil and gas companies. This includes the extraction of bitumen from mined oil sands which we convert into synthetic crude oil. We liquefy natural gas by cooling and transport the liquefied natural gas (LNG) to customers across the world. We also convert natural gas to liquids (GTL) to provide high quality fuels and other products, and we market and trade natural gas (including LNG) in support of our Upstream businesses.

EARNINGS

Segment earnings of $22,162 million included a net gain of $2,137 million, mainly related to gains on divestments, partly offset by impairments for natural gas assets in the USA, net tax charges and decommissioning provisions. Segment earnings in 2011 of $24,455 million included a net gain of $3,855 million, mainly related to gains on divestments, the fair-value accounting of certain gas and derivative contracts, and the cost impact of the US offshore drilling moratorium. All gains and losses identified above relate to items that individually exceed $50 million.

Compared with 2011, segment earnings, excluding the items identified above, benefited from the increased contribution of integrated gas activities (LNG and GTL), reflecting the ramp-up of the Pearl GTL plant in Qatar, higher realised LNG prices as well as increased LNG trading contributions and equity LNG sales volumes. Earnings also reflected higher realised gas prices outside the Americas. These items were more than offset by reduced contributions from the Americas, mainly as a result of higher depreciation, increased operating expenses, higher exploration expenses and lower realised gas prices.

In 2012, production was 3,262 thousand boe/d compared with 3,215 thousand boe/d in 2011. Liquids production was down 2% and natural gas production increased by 5% compared with 2011. Excluding the impact of divestments and exits, production volumes in 2012 were 3% higher than in 2011.

Equity LNG sales volumes in 2012 were a record of 20.2 million tonnes, 7% higher than in 2011. The increase mainly came from the first full year of operations for Qatargas 4, the start-up of the Pluto LNG plant in Australia (Shell indirect interest 20.8%) in the second quarter of 2012, and the continued strong operational performance of the Sakhalin-2 LNG plant.

NET CAPITAL INVESTMENT

Net capital investment was $25 billion in 2012, compared with $19 billion in 2011. Capital investment in 2012 was $31 billion (of which $14 billion was exploration expenditure, including acquisitions of unproved properties). Divestment proceeds were $6 billion in 2012.

PORTFOLIO ACTIONS AND BUSINESS DEVELOPMENT

In Australia we increased our interest in the West Browse joint venture to 35% and in the East Browse joint venture to 25% in an exchange with Chevron for our 33.3% interest in Clio-Acme plus cash of approximately $0.5 billion. Also in Australia we formed a joint venture (Shell interest 82%) with Nexus Energy and Osaka Gas to operate the Crux gas and condensate field.

In Norway we acquired BP's 18.4% interest in the offshore Draugen field for a consideration of $0.2 billion. Shell is already the operator of the field and this transaction brought Shell's interest to 44.6%.

In the UK we acquired 75% of Hess Corporation's interests in the Beryl area fields and Scottish Area Gas Evacuation system. This transaction was completed in January 2013, increasing Shell's production in the Beryl area fields from 9 thousand boe/d to 20 thousand boe/d. Also in the UK we acquired Hess Corporation's 15.7% interest in the Schiehallion field and its 12.9% interest in the Schiehallion floating production, storage and offloading (FPSO) facility for $0.5 billion. In February 2013, we also acquired an additional 5.9% interest in the offshore Schiehallion field from Murphy Schiehallion Ltd. bringing our interest in the field to 55%.

Low North American gas prices led to an accelerated shift in exploration and appraisal activities, along with production, from existing dry gas fields to those rich in liquids.

In the USA Shell acquired acreage in the Delaware Permian Basin, West Texas, from Chesapeake Energy Corporation for an announced consideration of $1.9 billion. The acreage of approximately 2,200 square kilometres, with an additional 300 square kilometres linked to contractual conditions, is expected to be rich in oil and natural gas liquids and currently produces approximately 26 thousand boe/d with growth potential.

We also took the following final investment decisions during 2012:

- in Nigeria, on the Forcados Yokri Integrated Project (Shell interest 30%) and the Southern Swamp Associated Gas Gathering Project (Shell interest 30%). These projects are expected to produce at peak production approximately 90 thousand boe/d and 85 thousand boe/d respectively, and reduce flaring intensity;
- in Italy, on the onshore Tempa Rossa field (Shell interest 25%) in the Basilicata region. This project is expected to produce approximately 45 thousand boe/d at peak production;

←
Electricity lights up our lives. Natural gas plays an important role in power generation, and in North America we are helping to unlock gas trapped in tight and shale rock formations.

- in Malaysia, for the development of the Malikai deep-water oil field, part of the Block G PSC (Shell interest 35%), offshore Sabah. The Shell-operated project is expected to produce approximately 60 thousand boe/d at peak production; and
- in Canada, on the Quest carbon capture and storage project (Shell interest 60%) near Edmonton, Alberta. The Quest project is expected to capture and store deep underground more than 1 million tonnes per annum of CO_2 produced in bitumen processing, and reduce direct emissions from the Scotford Upgrader by up to 35%.

We continued to divest selected Upstream assets during 2012.

AVAILABLE-FOR-SALE PRODUCTION

In 2012, hydrocarbon production from new start-ups and the continuing ramp-up of new projects more than offset the impact of field declines, and the impact of divestments and exits. There was also further upside from new wells and improved reliability compared with 2011, partly offset by changes in contractual entitlements and other non-operational factors.

Production growth was mainly driven by the continued ramp-up of new projects, notably our Pearl GTL plant in Qatar, the start-up of the Pluto LNG Project in Australia, and the first full year of production from Qatargas 4.

In Qatar we achieved full GTL production at our Pearl GTL plant at the end of the fourth quarter of 2012, with both trains reaching 90% of capacity. This completed the ramp-up period for this project. The plant is designed to run at sustained operating rates of 90% or higher.

In Malaysia the Gumusut-Kakap field, located about 120 kilometres offshore Sabah, began a phase of early production via the Murphy Sabah Oil operated Kikeh production facility. A dedicated floating production system is currently under construction for the Gumusut-Kakap field (Shell interest 33%), which is Shell's first deep-water opportunity in the country, and is expected to produce approximately 135 thousand boe/d at peak production.

In the USA first production was achieved at the Caesar/Tonga deep-water project (Shell interest 22.5%) in the Gulf of Mexico. At peak production, the project is expected to produce approximately 40 thousand boe/d.

In Oman production began at the Harweel Enhanced Oil Recovery project, which is expected to produce approximately 30 thousand boe/d at peak production.

EXPLORATION

During 2012, Shell participated in seven notable conventional exploration discoveries and appraisals in Australia, Brazil, Malaysia, Nigeria and the USA, and 10 notable successful unconventional appraisals in Australia, Canada, China, and the USA.

In 2012, Shell participated in 230 productive exploratory wells with proved reserves allocated (Shell share: 168 wells). Shell participated in a further 314 wells (Shell share: 214 wells) that remained pending determination at December 31, 2012.

In 2012, Shell added acreage to its exploration portfolio mainly from new licences in Albania, Australia, Benin, Canada, China, Malaysia, New Zealand, Russia, South Africa, Tanzania, the UK and the USA.

In total, Shell secured rights to 120,000 square kilometres of new exploration acreage, including positions in liquids-rich shales. This was offset by divestments and relinquishments of acreage, which took place in various countries.

DOWNSTREAM

KEY STATISTICS		$ MILLION
	2012	2011
Segment earnings [A]	5,350	4,289
Including:		
Revenue (including inter-segment sales)	424,410	428,646
Share of earnings of equity-accounted investments [A]	1,354	1,577
Production and manufacturing expenses	9,484	10,547
Selling, distribution and administrative expenses	12,996	12,920
Depreciation, depletion and amortisation	3,083	4,251
Net capital investment [A]	4,275	4,342
Refinery availability (%)	93	92
Chemical plant availability (%)	91	89
Refinery processing intake (thousand b/d)	2,819	2,845
Oil products sales volumes (thousand b/d)	6,235	6,196
Chemicals sales volumes (thousand tonnes)	18,669	18,831

[A] Segment earnings are presented on a current cost of supplies basis (see page 7).

Shell's Downstream organisation is made up of a number of different business activities, part of an integrated value chain, that collectively turn crude oil into a range of refined products, which are moved and marketed around the world for domestic, industrial and transport use. The products include gasoline, diesel, heating oil, aviation fuel, marine fuel, lubricants, bitumen, sulphur and liquefied petroleum gas (LPG). In addition, we produce and sell petrochemicals for industrial use worldwide.

Our Refining activities comprise Manufacturing, Supply and Distribution. Marketing includes Retail, Lubricants, Business to Business (B2B) and Alternative Energies. Chemicals has dedicated manufacturing and marketing units of its own. We also trade crude oil, oil products and petrochemicals, primarily to optimise feedstock for Manufacturing and Chemicals and to supply our Marketing businesses.

EARNINGS

Segment earnings in 2012 were $5,350 million, 25% higher than in 2011. This increase reflected a return to profitability in Refining, although marginal, as a result of higher realised refining margins and better refinery availability that were partly offset by lower Chemicals earnings. Trading contributions were lower in 2012 than in 2011, while Marketing contributions were broadly unchanged. Both activities continued to contribute significantly to Downstream earnings.

Realised refining margins recovered strongly from their low level at the end of 2011, and improved across all regions apart from Asia. Refinery intake volumes were 1% lower compared with 2011. However, when portfolio impacts are excluded, refinery intake volumes were 4% higher than in 2011. Refinery availability increased to 93% compared with 92% in 2011.

Chemicals earnings were lower, mainly as a result of the global economic slowdown, supply constraints of favourable feedstocks in the USA, and the impact of hurricane Isaac on operations. Chemicals sales volumes were 1% lower compared with 2011, as reductions in European manufacturing capacity and rationalisation of the contract portfolio were largely offset by improved operating performance. Chemical plant availability increased to 91% compared with 89% in 2011.

Oil products sales volumes were 1% higher compared with 2011. Lower marketing volumes, mainly as a result of portfolio divestments, were more than offset by higher trading volumes. Excluding the impact of divestments and the effect of the formation of the Raízen biofuel joint venture, oil products sales volumes were 3% higher compared with 2011.

Overall, operating expenses decreased in 2012 compared with 2011. Production and manufacturing expenses declined, driven by manufacturing divestments, cost reduction initiatives and favourable currency exchange rate effects. Selling, distribution and administrative expenses were broadly unchanged; cost reductions, portfolio divestments and favourable currency exchange rate effects were offset by spending related to higher volumes, and growth-stimulating programmes.

Earnings in 2012 included a net gain of $39 million. There were net gains on divestments and a tax credit, partly offset by legal and environmental provisions. The divestments relate to a number of retail sites in Canada, LPG businesses in Malaysia and the Philippines, as well as the continuation of the divestment of our Downstream activities in Africa.

Earnings in 2011 included a net gain of $15 million. There was a gain from the fair-value accounting of commodity derivatives, a gain arising from the formation of the Raízen joint venture, a net gain on divestments and a tax credit. These gains were significantly offset by charges related to impairments, redundancy, decommissioning and legal provisions.

NET CAPITAL INVESTMENT

Net capital investment was $4.3 billion in both 2012 and 2011. Capital investment was $5.5 billion in 2012, of which $3.2 billion was in Refining and Chemicals, and $2.3 billion was in Marketing. Approximately 56% of our 2012 capital investment was used to maintain the integrity and performance of our asset base.

Divestment proceeds were $1.2 billion in 2012 compared with $3.2 billion in 2011. The planned asset divestment programme to refocus our Downstream portfolio is now mostly complete.

PORTFOLIO ACTIONS

In Refining, Shell acquired the remaining outstanding shares in Gasnor AS, a market leader in Norway, that supplies LNG as a transport fuel to industrial and marine customers.

In Australia refining operations at the 79 thousand b/d Clyde refinery ceased. The Clyde refinery and the Gore Bay terminal are in the process of being converted into a fuel import facility.

In Marketing, Shell agreed to acquire Neste Oil Corporation's network of 105 retail sites in Poland.

Shell completed the sale of the majority of its shareholding in downstream activities in Botswana, Burkina Faso, Côte d'Ivoire,

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We are a leading biofuel producer and retailer in Brazil, through the Raízen joint venture. It produces ethanol from sugar cane – the most sustainable and cost-competitive of today's biofuels.

Guinea, Kenya and Namibia, whilst downstream activities in Tanzania were discontinued. The agreements form part of the divestment of Shell's shareholding in most of its downstream activities in Africa as announced in 2011. Shell continues to divest non-strategic Downstream positions. Divestments included retail stations in North America and most of our LPG activities in Asia-Pacific.

BUSINESS AND PROPERTY

We have interests in more than 30 refineries worldwide with the capacity to process approximately 3.4 million barrels of crude oil per day.

With more than 1,500 storage tanks and approximately 150 distribution facilities in approximately 25 countries, our Supply and Distribution infrastructure is well positioned for making deliveries throughout the world.

We have about 44,000 service stations in more than 70 countries and more than 100 years' experience in fuel development.

Across approximately 100 countries we make, market and sell technically advanced lubricants not only for passenger cars, trucks and coaches but also for industrial machinery in manufacturing, mining, power generation, agriculture and construction.

Our Business to Business (B2B) activities sell fuels, speciality products and services to a broad range of commercial customers.

We investigate alternative energy technologies with a long-term aspiration to develop them into business opportunities.

Our chemical plants produce a range of base chemicals, including ethylene, propylene and aromatics, as well as intermediate chemicals, such as styrene monomer, propylene oxide, solvents, detergent alcohols, ethylene oxide and ethylene glycol. We sell petrochemicals to about 1,000 major industrial customers worldwide that use our products to make numerous everyday items, from clothing and cars, to bubble bath and bicycle helmets.

Our trading activities include the optimisation of our oil value chain, including where necessary the sale or purchase of the excess or shortfall of oil products, as well as trading around the physical flow of hydrocarbons. We trade in physical and financial contracts, lease storage and transportation capacities around the globe and manage shipping activities.

More about our operational performance can be found in our Investors' Handbook to be published in April 2013 on http://reports.shell.com

CORPORATE

The Corporate segment covers the non-operating activities supporting Shell. It includes Shell's holdings and treasury organisation, its headquarters and central functions as well as its self-insurance activities. All finance expense and income as well as related taxes are included in the Corporate segment earnings rather than in the earnings of the business segments.

EARNINGS

Segment earnings for 2012 were a loss of $209 million, compared with a gain of $86 million in 2011.

Net interest and investment expense increased by $377 million between 2011 and 2012. Interest expense was significantly higher, mostly driven by the liquidity premium associated with our currency swaps, and an increase in Shell's share of interest expense from equity-accounted investments. Further, the amount of interest capitalised on projects declined overall as major projects came on-stream, partly offset by the development of new projects. These effects were partly offset by higher interest income.

Foreign exchange gains of $169 million in 2012 were principally due to the favourable impact of exchange rates on non-functional currency loans and cash balances in operating units. In 2011, foreign exchange losses of $77 million were principally due to the adverse impact of exchange rates on these items.

Other earnings decreased by $164 million in 2012 compared with 2011, mainly because of increased costs partly offset by higher tax credits.

LIQUIDITY AND CAPITAL RESOURCES

The most significant factors affecting our operating cash flow are earnings and movements in working capital. The main drivers impacting our earnings include: realised prices for crude oil and natural gas; production levels of crude oil and natural gas; and refining and marketing margins.

Since the contribution of Upstream to earnings is larger than that of Downstream, changes affecting Upstream – particularly changes in realised crude oil and natural gas prices and production levels – have the largest impact on Shell's operating cash flow.

In Downstream, changes in any one of a range of factors derived from either within the industry or the broader economic environment can influence margins. The precise impact of any such changes depends on how the oil markets respond to them.

In the longer term, replacement of proved oil and gas reserves will affect our ability to maintain or increase production levels in Upstream, which in turn will affect our cash flow and earnings.

We have a diverse portfolio of field-development projects and exploration opportunities. This diversity can help to reduce the impact of the political and technical risks in Upstream, including the impact on the cash flow generated by our operating activities.

It is our intention to continue to make selective acquisitions and divestments as part of active portfolio management that is in line with our strategy and influenced by market opportunities.

FINANCIAL CONDITION AND LIQUIDITY

Our financial position is strong. In 2012, we generated a return on average capital employed (ROACE) of 12.7% and year-end gearing was 9.2% (2011: 13.1%). We returned $11.0 billion to our shareholders through dividends in 2012. Some of those dividends were paid out as 103.8 million shares issued to shareholders who had elected to receive new shares instead of cash. To partly offset the dilution created by the issuance of those shares, 43.7 million shares were repurchased and cancelled as part of our share buyback programme.

DIVIDENDS

Our policy is to grow the US dollar dividend through time in line with our view of Shell's underlying earnings and cash flow. When setting the dividend, the Board of Directors looks at a range of factors, including the macro environment, the current balance sheet and future investment plans. We have announced an interim dividend in respect of the fourth quarter 2012 of $0.43 per share, a 2.4% increase compared with the US dollar dividend for the same quarter of 2011. Shareholders have a choice to receive dividends in cash or in shares via our Scrip Dividend Programme. The Board expects that the first quarter 2013 interim dividend will be $0.45 per share, an increase of 4.7% compared with the US dollar dividend for the same quarter of 2012.

NET CAPITAL INVESTMENT

Our net capital investment was $29.8 billion in 2012 (2011: $23.5 billion). Of the total net capital investment, $25.3 billion (2011: $19.1 billion) related to Upstream; $4.3 billion (2011: $4.3 billion) to Downstream; and $0.2 billion (2011: $0.1 billion) to Corporate.

Our 2012 net capital investment comprised $36.8 billion of capital investment (2011: $31.1 billion) less $7.0 billion of divestment proceeds (2011: $7.5 billion).

REPURCHASES OF SHARES

In 2011, a share buyback programme was commenced to offset the dilution created by the issuance of shares under our Scrip Dividend Programme. All of the shares purchased under the buyback programme were cancelled. A resolution will be proposed at the 2013 AGM to renew authority for the Company to purchase its own share capital up to specified limits for another year.

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World energy demand continues to increase as the population grows, and living standards rise. We need to meet this challenge responsibly. Among other technologies, Shell is developing carbon capture and storage with government support, to lock CO_2 emissions permanently and safely underground.

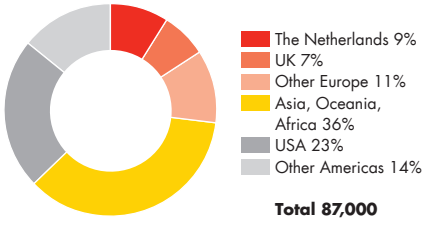
OUR PEOPLE

Our people are central to our aim of being the world's most competitive and innovative energy company. We recruit, train and recompense them according to a people strategy based on three priorities: assuring sources of talent now and in the future; strengthening leadership and professionalism; and enhancing individual and organisational performance.

Over the course of 2012, Shell employed an average of 87,000 people in more than 70 countries. We had a strong external recruitment drive to execute our strategy and growth plans for the future, hiring approximately 1,200 graduates and 3,500 experienced professionals. The majority of our graduates and experienced professional hires came from technical disciplines.

2012 EMPLOYEES BY GEOGRAPHICAL AREA

average numbers



Total 87,000

EMPLOYEE COMMUNICATION AND INVOLVEMENT

Two-way dialogue between management and staff – directly and, where appropriate, via employee representative bodies – is important and embedded in our work practices. On a quarterly basis, we brief our staff about Shell's operational and financial results through various channels, including electronic communications from the Chief Executive Officer, webcasts, publications and face-to-face gatherings.

The Shell People Survey is one of the principal tools used to measure employee engagement: the degree of affiliation and commitment to Shell. It provides insights into employees' views, and has had a consistently high response rate. The average employee engagement score in 2012 was 77% favourable, a three-point increase from 2011.

We promote safe reporting of views about our processes and practices. Our global telephone helpline and website enable employees to report, confidentially and anonymously, breaches of the Shell General Business Principles and Code of Conduct.

DIVERSITY AND INCLUSION

We have a culture that embraces diversity and fosters inclusion. By embedding these principles in our operations, we have a better understanding of the needs of our varied customers, partners and stakeholders throughout the world and can benefit from a wider talent pool. We provide equal opportunity in recruitment, career development, promotion, training and reward for all employees, including those with disabilities. We make adjustments in job design and provide appropriate training where possible for any existing employee who becomes disabled.

We actively monitor representation of women and local nationals in senior leadership positions, and have talent-development processes to support us in delivering more diverse representation. At the end of 2012, the proportion of women in senior leadership positions was 16.2%, compared with 16.6% in 2011, because of a small increase in the number of senior leadership positions, while the number of women stayed the same. In 42% of the countries where Shell subsidiaries and equity-accounted investments are based, local nationals filled more than half of the senior leadership positions, compared with 34% of countries in 2011.

ENVIRONMENT AND SOCIETY

Our success in business depends on our ability to meet a range of environmental and social challenges. We must show we can operate safely and manage the effect our activities can have on neighbouring communities and society as a whole. If we fail to do this, we may incur liabilities or sanctions, lose opportunities to do business, our reputation as a company may be harmed, and our licence to operate may be impacted.

SAFETY

Sustaining our licence to operate depends on maintaining the safety and reliability of our operations. We manage safety risk across our businesses through controls and compliance systems combined with a safety-focused culture. Our global standards and operating procedures define the controls and physical barriers we require to prevent incidents.

CLIMATE CHANGE

As energy demand increases and easily accessible oil and gas resources decline, we are developing resources that require more energy and require advanced technology to produce. This growth includes expanding our conventional oil and gas businesses, our oil sands operations in Canada, our gas-to-liquids (GTL) business in Qatar, and our global liquefied natural gas (LNG) business. As our businesses grow and production becomes more energy intensive, we expect there will be an associated increase in the direct CO_2 emissions from the Upstream facilities we operate.

We are seeking cost-effective ways to manage CO_2 emissions and see potential business opportunities in developing such solutions. Our main contributions to reducing CO_2 emissions are in four areas: supplying more natural gas; supplying more biofuels; progressing carbon capture and storage (CCS) technologies; and implementing energy efficiency measures in our operations.

Nearly one-third of the world's CO_2 emissions come from power generation. For most countries, using more gas in power generation instead of coal can make the largest contribution, at the lowest cost, to meeting their emission reduction objectives this decade. In combination with renewables and utilisation of CCS, natural gas is essential for significantly lower CO_2 emissions beyond 2020. With Shell's leading position in LNG and new technologies for recovering natural gas from tight rock formations, we can supply natural gas to replace coal in power generation.

We see biofuels as one of the most practical and commercially viable ways to reduce CO_2 emissions from transport fuels in coming years. Our Raízen joint venture in Brazil produces low-carbon biofuel from sugar cane. We are also investing in research to help develop and commercialise advanced biofuels.

The International Energy Agency has stated that CCS could contribute approximately 19% of the CO_2 mitigation effort required by 2050. To advance CCS technologies, Shell is involved in CCS projects including the Quest project in Canada, the Mongstad test centre in Norway, and the Gorgon CO_2 injection project in Australia. In 2012, we also submitted a proposal for a project in the UK to store CO_2 in a depleted gas reservoir in the North Sea. During this important demonstration phase, government support is essential.

We continue to focus on implementing energy efficiency measures in our operations. Shell has multibillion dollar programmes in place in an effort to improve the energy efficiency of our operations. These include our oil and gas production projects, oil refineries and chemical plants.

The flaring, or burning off, of gas in our Upstream business contributed to our overall greenhouse gas emissions in 2012. The majority of this flaring takes place at facilities where there is no infrastructure to capture the gas produced with oil, known as associated gas. Most of the continuous flaring takes place in Nigeria, where the security situation and lack of partner funding had previously slowed progress on projects to capture associated gas. However, the Shell Petroleum Development Company of Nigeria Ltd (SPDC) made progress in reducing flaring in 2012. Improved security in some areas of the Niger Delta and stable co-funding from our partners meant SPDC was able to continue its multi-year programme to install new gas-gathering facilities and repair existing facilities damaged during the militant crisis of 2006 to 2009. SPDC is working on projects to further reduce flaring.

SPILLS

Large spills of crude oil, oil products and chemicals associated with our operations can result in major clean-up costs as well as fines and other damages. They can also affect our licence to operate and harm our reputation. We have clear requirements and procedures designed to prevent spills, and multibillion dollar programmes are underway to maintain or improve our facilities and pipelines.

Although oil spills in Nigeria resulting from sabotage and theft of crude oil remain a significant challenge, there are instances where spills occur in our operations due to operational failures, accidents or corrosion. SPDC has been working to reduce operational spills that are under its control. It maintains a public website to track the response, investigation and clean-up of every spill from its facilities due to operational failure, sabotage or theft.

In 2011, the United Nations Environment Programme (UNEP) released a study of oil spills in Ogoniland, where SPDC operated until 1993. SPDC accepted the recommendations of the UNEP report, and has established an independent scientific advisory panel to review SPDC practices in the rehabilitation and remediation of oil spill sites in the Niger Delta.

HYDRAULIC FRACTURING

Over the last decade, we have expanded our onshore oil and gas portfolio using advances in technology to access previously uneconomic tight oil and gas resources, including those locked in shale formations.

One of the key technologies applied in tight-oil and tight-gas fields is known as hydraulic fracturing, a technique that has been used since the 1950s. It involves pumping a mixture of water, sand and chemical additives at very high pressure into a rock formation, creating tiny fissures through which oil and gas can flow. To protect and isolate potable groundwater from hydraulic-fracturing fluids in the wellbore, we line our tight-oil and tight-gas wells with steel casing and cement. All of our oil and gas wells are expected to have two or more subsurface barriers to protect groundwater. We monitor a wellbore's integrity during and, in many cases, after hydraulic fracturing.

OIL SANDS

We are developing mineable oil sands resources in Alberta, Canada. We use hot water to remove bitumen, which is a

China is among countries with tight-gas resources that could help meet rising energy demand. The benefits of this clean-burning natural gas are spreading across the world, and Shell is at the forefront of this development.

heavy oil. Tailings are the residual by-products that remain after the bitumen is separated from the mined oil sands ore. They are composed of some residual bitumen, water, sand, silt, heavy metals, and clay particles. Tailings are stored in an above-ground tailings pond or in mined-out pits. Tailings contain naturally occurring chemicals that are toxic; we monitor them continuously, assess their potential environmental impact, and take measures to protect wildlife and to prevent contamination of surface water and groundwater. The tailings management areas at the Athabasca Oil Sands Project's Muskeg River and Jackpine mines cover an area of 24 square kilometres.

The land that is mined must be reclaimed – for example, through revegetation or reforestation – to a capability equivalent to that which existed prior to development, as required by the Alberta government. When dried, tailings are blended and treated to produce material suitable for use in land reclamation. We continue to work with the Energy Resources Conservation Board of Alberta to ensure we meet the requirements of Directive 074, a regulation which was introduced in 2009 to reduce the amount of liquid tailings, thereby speeding up land reclamation.

EXPLORATION IN ALASKA

In 2012, Shell started a multi-year drilling programme in the Beaufort and Chukchi seas off the coast of Alaska. Our preparations to explore for oil in 2012 followed a number of years of work to lay the foundations for the responsible development of the area's potential resources. We have worked closely with regulators, local communities and other organisations to develop what we believe are appropriate safeguards.

To prepare for drilling off the coast of Alaska, we have developed a thorough oil spill response capability that includes capping and containment equipment, and oil spill response vessels.

In 2012, we completed our top-hole drilling operations off the North Slope. This was conducted safely, in accordance with permits and regulatory standards. This work has prepared the ground for continued drilling. However, there were challenges. For example, during the first full-scale deployment test of our containment dome, the dome was damaged. We also experienced challenges in moving our rigs to and from the area of operations.

We have decided to pause our exploration drilling activity for 2013 in Alaska's Beaufort and Chukchi seas to prepare equipment and plans for a resumption of activity at a later stage. Our exploration in Alaska is a long-term programme that we intend to pursue in a safe and measured way.

WATER

Global demand for fresh water is growing while access to fresh water is becoming more constrained in some parts of the world. It is estimated that, by 2025, two-thirds of the world's population will live in areas where the demand for fresh water exceeds the available amount or where the water's poor quality restricts its use. As world energy demand rises, the energy industry is becoming one of the larger industrial consumers of fresh water globally. Shell's water footprint may expand in the future with the development of unconventional resources, such as shale oil and gas, oil sands, and our biofuel business. A combination of increasing demand for water resources, growing stakeholder expectations and concerns, and water-related legislation may drive actions that affect our ability to secure access to fresh water and to discharge water from our operations.

BIOFUELS

We are one of the world's largest biofuels distributors. We include our own long-established sustainability clauses in our supply contracts and where possible, we source biofuels that have been certified against internationally recognised sustainability standards. These clauses are designed to prevent the sourcing of biofuels from suppliers that may not abide by human rights guidelines, or that may have cleared land rich in biodiversity.

NEIGHBOURING COMMUNITIES

Gaining the trust of local communities is essential to the success of our projects and operations. We have global requirements for social performance – how we perform in our relationship with communities. The requirements set clear rules and expectations for how we engage with and respect communities that may be impacted by our operations.

More environmental and social performance data can be found in the Shell Sustainability Report 2012 to be published in April 2013 on http://reports.shell.com

THE BOARD OF ROYAL DUTCH SHELL PLC

Jorma Ollila C
CHAIRMAN
Born August 15, 1950. A Finnish national, appointed Chairman of the Company with effect from June 2006. He started his career at Citibank in London and Helsinki, before moving in 1985 to Nokia, where he became Vice President of International Operations. In 1986, he was appointed Senior Vice President Finance and between 1990 and 1992 he served as President of Nokia Mobile Phones. Between 1992 and 1999 he was President and Chief Executive Officer of Nokia, and from 1999 to 2006 he was Chairman and Chief Executive Officer. He remained Chairman from 2006 until May 2012.

Hans Wijers C M
DEPUTY CHAIRMAN AND SENIOR INDEPENDENT DIRECTOR
Born January 11, 1951. A Dutch national, appointed a Non-executive Director of the Company with effect from January 2009. Until April 2012 he was Chief Executive Officer and Chairman of the Board of Management of Akzo Nobel N.V., a position he had held since 2003. He obtained a PhD in economics from Erasmus University Rotterdam while teaching there. Later, he became Managing Partner of The Boston Consulting Group. He served as Dutch Minister for Economic Affairs from 1994 to 1998, after which he returned to The Boston Consulting Group as Senior Partner until his appointment as a Board member of Akzo Nobel N.V. in 2002. He is Chairman of the Supervisory Board of AFC Ajax N.V., a member of the Supervisory Board of Heineken N.V., and a trustee of various charities. In January 2013, he was appointed a Non-executive Director of GlaxoSmithKline plc with effect from April 1, 2013.

Peter Voser
CHIEF EXECUTIVE OFFICER
Born August 29, 1958. A Swiss national, appointed Chief Executive Officer of the Company with effect from July 2009. He first joined Shell in 1982 and held a variety of finance and business roles in Switzerland, the UK, Argentina and Chile, including Chief Financial Officer of Oil Products. In 2002, he joined the Asea Brown Boveri (ABB) Group of Companies as Chief Financial Officer and a member of the ABB Group Executive Committee. He returned to Shell in October 2004, when he became a Managing Director of The "Shell" Transport and Trading Company, p.l.c. and Chief Financial Officer of the Royal Dutch/Shell Group. He was a member of the Supervisory Board of Aegon N.V. from 2004 to 2006, a member of the Supervisory Board of UBS AG from 2005 to April 2010 and a member of the Swiss Federal Auditor Oversight Authority from 2006 to December 2010. In 2011, he was awarded the title of Dato Seri Laila Jasa by the Sultan of Brunei. He is a Director of Catalyst, a non-profit organisation which works to build inclusive environments and expand opportunities for women and business, and he was appointed to the Board of Directors of Roche Holdings Limited in March 2011. He is also active in a number of international and bilateral organisations, including the European Round Table of Industrialists and The Business Council.

Simon Henry
CHIEF FINANCIAL OFFICER
Born July 13, 1961. A British national, appointed Chief Financial Officer of the Company with effect from May 2009. He joined Shell in 1982 as an engineer at the Stanlow refinery in the UK. After qualifying as a member of the Chartered Institute of Management Accountants in 1989, he held various finance posts, including Finance Manager of Marketing in Egypt, Controller for the Upstream business in Egypt, Oil Products Finance Adviser for Asia-Pacific, Finance Director for the Mekong Cluster and General Manager Finance for the South East Asian Retail business. He was appointed Head of Group Investor Relations in 2001 and Chief Financial Officer for Exploration & Production in 2004.

Josef Ackermann M M
NON-EXECUTIVE DIRECTOR
Born February 7, 1948. A Swiss national, appointed a Non-executive Director of the Company in May 2008. He is Chairman of the Board of Directors of Zurich Insurance Group Limited and of Zurich Insurance Company Limited, positions he has held since March 2012. He started his professional career in 1977 at Schweizerische Kreditanstalt (SKA), where he held a variety of positions in corporate banking, foreign exchange/money markets, treasury and investment banking. In 1990, he was appointed to SKA's Executive Board, on which he served as President between 1993 and 1996. He joined Deutsche Bank's Management Board in 1996 with responsibility for the investment banking division and, from 2006 and 2002 respectively until May 2012, he was Chairman of the Management Board and of the Group Executive Committee of Deutsche Bank AG. He is a member of the Supervisory Board of Siemens AG, the Board of Directors of Investor AB and a number of advisory boards. He also has various roles in several foundations and academic institutions.

Guy Elliott C
NON-EXECUTIVE DIRECTOR
Born December 26, 1955. A British national, appointed a Non-executive Director of the Company with effect from September 2010. He is Chief Financial Officer of Rio Tinto plc and Rio Tinto Limited, positions he has held since 2002. Following a period in investment banking, he joined the Rio Tinto Group in 1980 after gaining an MBA at INSEAD. He has held a variety of marketing, strategy and general management positions, including Head of Business Evaluation and President of Rio Tinto Brasil. He was a Non-executive Director and the Senior Independent Director of Cadbury plc from 2007 and 2008 respectively until March 2010. While on the Cadbury Board, he served as Chairman of the Audit Committee until April 2009. He has been a member of the UK Takeover Panel since 2012.

Charles O. Holliday C M
NON-EXECUTIVE DIRECTOR
Born March 9, 1948. A US national, appointed a Non-executive Director of the Company with effect from September 2010. He served as Chief Executive Officer of DuPont from 1998 to January 2009, and as Chairman from 1999 to December 2009. He joined DuPont in 1970 after receiving a B.S. in industrial engineering from the University of Tennessee and held various manufacturing and business assignments, including a six-year, Tokyo-based posting as President of DuPont Asia/Pacific, before

becoming Chairman and Chief Executive Officer. He previously served as Chairman of the World Business Council for Sustainable Development, Chairman of The Business Council, Chairman of Catalyst, Chairman of the Society of Chemical Industry – American Section, and is a founding member of the International Business Council. He is Chairman of the Board of Directors of Bank of America Corporation and a Director of Deere & Company.

Gerard Kleisterlee M
NON-EXECUTIVE DIRECTOR
Born September 28, 1946. A Dutch national, appointed a Non-executive Director of the Company with effect from November 2010. He was President/Chief Executive Officer and Chairman of the Board of Management of Koninklijke Philips Electronics N.V. from 2001 to March 2011. Having joined Philips in 1974, he held several positions before being appointed as Chief Executive Officer of Philips' Components division in 1999 and Executive Vice-President of Philips in 2000. He is Chairman of Vodafone Group plc, a member of the Supervisory Board of Daimler AG, and a Director of Dell Inc.

Christine Morin-Postel M
NON-EXECUTIVE DIRECTOR
Born October 6, 1946. A French national, appointed a Non-executive Director of the Company in October 2004. She was a member of the Supervisory Board of Royal Dutch Petroleum Company (Royal Dutch) from July 2004 and was a Board member of Royal Dutch until December 2005. Previously, she was Chief Executive of Société Générale de Belgique, Executive Vice-President and a member of the Executive Committee of Suez S.A., Chairman and Chief Executive Officer of Crédisuez S.A. and a Non-executive Director of Pilkington plc, Alcan Inc. and EXOR S.p.A. She is a Non-executive Director of British American Tobacco plc.

Sir Nigel Sheinwald M
NON-EXECUTIVE DIRECTOR
Born June 26, 1953. A British national, appointed a Non-executive Director of the Company with effect from July 2012. He was a senior British diplomat who served as British Ambassador to the USA from 2007 to 2012. He joined the Diplomatic Service in 1976 and served in Brussels (twice), Washington and Moscow and in a wide range of policy roles in London. He served as British Ambassador and Permanent Representative to the European Union in Brussels from 2000 to 2003. Prior to his appointment as British Ambassador to the USA, he served as Foreign Policy and Defence Adviser to the Prime Minister and Head of the Cabinet Office Defence and Overseas Secretariat. He retired from the Diplomatic Service in March 2012. He is a Senior Adviser to the Universal Music Group and Visiting Professor at King's College, London.

Linda G. Stuntz M
NON-EXECUTIVE DIRECTOR
Born September 11, 1954. A US national, appointed a Non-executive Director of the Company with effect from June 2011. She is a founding partner of the law firm of Stuntz, Davis & Staffier, P.C., based in Washington, D.C. Her law practice includes energy and environmental regulation as well as matters relating to government support of technology development and transfer. From 1989 to 1993, she held senior policy positions at the U.S. Department of Energy, including Deputy Secretary. She played a principal role in the development and enactment of the Energy Policy Act of 1992. From 1981 to 1987, she was an Associate Minority Counsel and Minority Counsel to the Energy and Commerce Committee of the U.S. House of Representatives. She chaired the Electricity Advisory Committee to the U.S. Department of Energy from 2008 to 2009, and was a member of the Board of Directors of Schlumberger Limited from 1993 to 2010. She is a member of the Board of Directors of Raytheon Company.

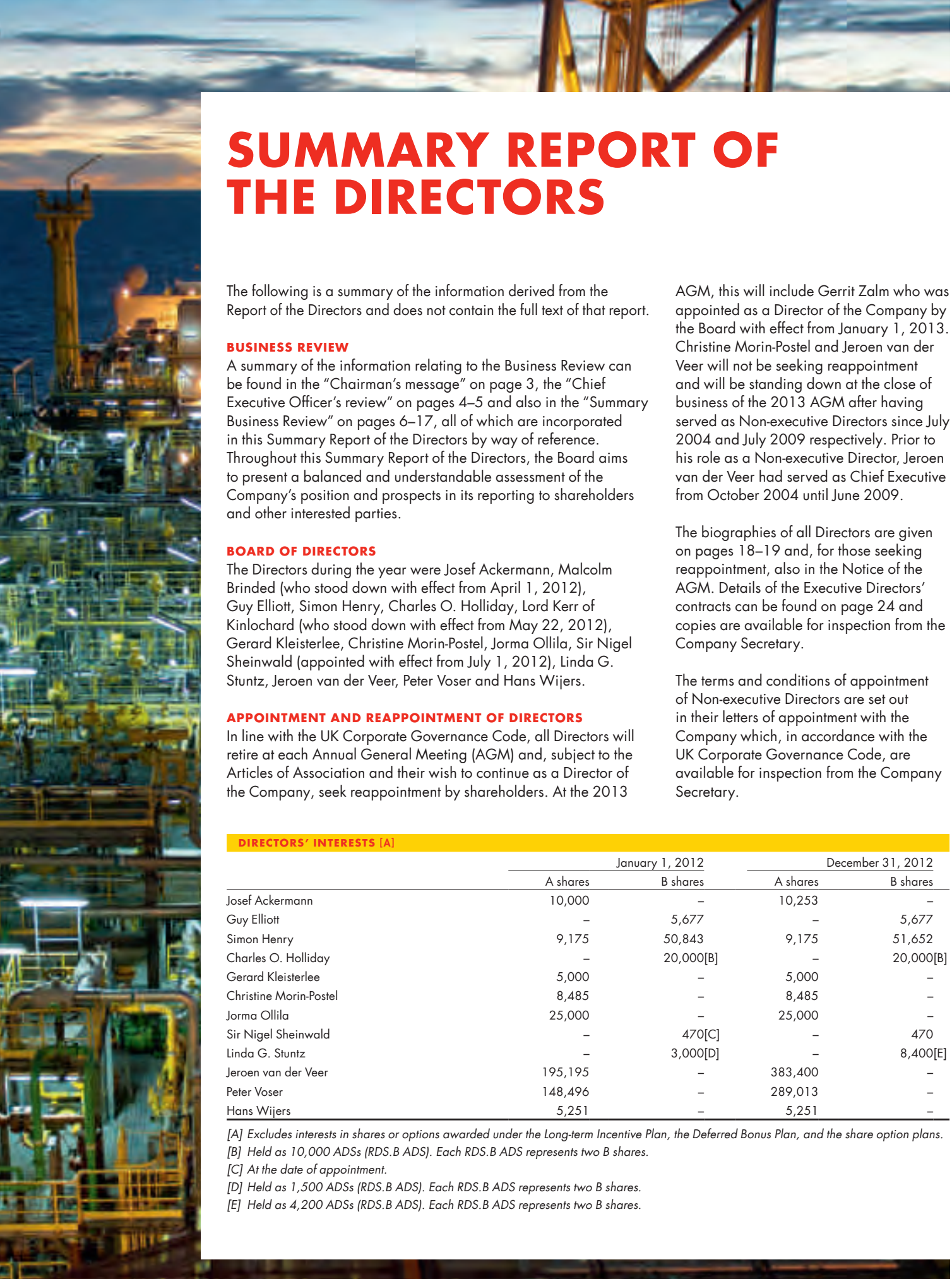
Jeroen van der Veer M
NON-EXECUTIVE DIRECTOR
Born October 27, 1947. A Dutch national, appointed a Non-executive Director of the Company with effect from July 2009. Previously, he was Chief Executive from October 2004. He was appointed President of Royal Dutch Petroleum Company in 2000, having been a Managing Director since 1997. He was a Director of Shell Canada Limited from 2003 until 2005. He was Vice-Chairman and Senior Independent Director of Unilever (which includes Unilever N.V. and Unilever plc) until May 2011 and is Chairman of the Supervisory Boards of Koninklijke Philips Electronics N.V. and of ING Group. He also has various roles in several foundations and charities.

Gerrit Zalm M
NON-EXECUTIVE DIRECTOR
Born May 6, 1952. A Dutch national, appointed a Non-executive Director of the Company with effect from January 1, 2013. He is Chairman of the Board of Management of ABN AMRO Bank N.V., a position he has held since February 2009. Before joining ABN AMRO, he was the Minister of Finance of the Netherlands from 1994 until 2002, Chairman of the VVD Liberal Party in the Lower House (2002) and Minister of Finance from 2003 until 2007. During 2007 until 2009 he was an adviser to PricewaterhouseCoopers (2007), Chairman of the trustees of the International Accounting Standards Board (2007–2010), an adviser to Permira (private equity fund) (2007–2008) and Chief Financial Officer of DSB Bank (2008). Prior to 1994, he was head of the Netherlands Bureau for Economic Policy Analysis, a professor at Vrije Universiteit Amsterdam and held various positions at the Ministry of Finance and at the Ministry of Economic Affairs. He studied General Economics at Vrije Universiteit Amsterdam and received an Honorary Doctorate in Economics from this university.

Michiel Brandjes
COMPANY SECRETARY
Born December 14, 1954. A Dutch national, appointed as Company Secretary and General Counsel Corporate of the Company in February 2005. He joined Shell in 1980 as a Legal Adviser and was later appointed Head of Legal in Singapore. Following a period as Head of Legal in China, he was appointed Company Secretary of Royal Dutch Petroleum Company.

BOARD COMMITTEE MEMBERSHIP

Audit Committee	
Corporate and Social Responsibility Committee	
Nomination and Succession Committee	
Remuneration Committee	
Chairman	C
Member	M



SUMMARY REPORT OF THE DIRECTORS

The following is a summary of the information derived from the Report of the Directors and does not contain the full text of that report.

BUSINESS REVIEW

A summary of the information relating to the Business Review can be found in the "Chairman's message" on page 3, the "Chief Executive Officer's review" on pages 4–5 and also in the "Summary Business Review" on pages 6–17, all of which are incorporated in this Summary Report of the Directors by way of reference. Throughout this Summary Report of the Directors, the Board aims to present a balanced and understandable assessment of the Company's position and prospects in its reporting to shareholders and other interested parties.

BOARD OF DIRECTORS

The Directors during the year were Josef Ackermann, Malcolm Brinded (who stood down with effect from April 1, 2012), Guy Elliott, Simon Henry, Charles O. Holliday, Lord Kerr of Kinlochard (who stood down with effect from May 22, 2012), Gerard Kleisterlee, Christine Morin-Postel, Jorma Ollila, Sir Nigel Sheinwald (appointed with effect from July 1, 2012), Linda G. Stuntz, Jeroen van der Veer, Peter Voser and Hans Wijers.

APPOINTMENT AND REAPPOINTMENT OF DIRECTORS

In line with the UK Corporate Governance Code, all Directors will retire at each Annual General Meeting (AGM) and, subject to the Articles of Association and their wish to continue as a Director of the Company, seek reappointment by shareholders. At the 2013 AGM, this will include Gerrit Zalm who was appointed as a Director of the Company by the Board with effect from January 1, 2013. Christine Morin-Postel and Jeroen van der Veer will not be seeking reappointment and will be standing down at the close of business of the 2013 AGM after having served as Non-executive Directors since July 2004 and July 2009 respectively. Prior to his role as a Non-executive Director, Jeroen van der Veer had served as Chief Executive from October 2004 until June 2009.

The biographies of all Directors are given on pages 18–19 and, for those seeking reappointment, also in the Notice of the AGM. Details of the Executive Directors' contracts can be found on page 24 and copies are available for inspection from the Company Secretary.

The terms and conditions of appointment of Non-executive Directors are set out in their letters of appointment with the Company which, in accordance with the UK Corporate Governance Code, are available for inspection from the Company Secretary.

DIRECTORS' INTERESTS [A]

	January 1, 2012		December 31, 2012	
	A shares	B shares	A shares	B shares
Josef Ackermann	10,000	–	10,253	–
Guy Elliott	–	5,677	–	5,677
Simon Henry	9,175	50,843	9,175	51,652
Charles O. Holliday	–	20,000[B]	–	20,000[B]
Gerard Kleisterlee	5,000	–	5,000	–
Christine Morin-Postel	8,485	–	8,485	–
Jorma Ollila	25,000	–	25,000	–
Sir Nigel Sheinwald	–	470[C]	–	470
Linda G. Stuntz	–	3,000[D]	–	8,400[E]
Jeroen van der Veer	195,195	–	383,400	–
Peter Voser	148,496	–	289,013	–
Hans Wijers	5,251	–	5,251	–

[A] Excludes interests in shares or options awarded under the Long-term Incentive Plan, the Deferred Bonus Plan, and the share option plans.
[B] Held as 10,000 ADSs (RDS.B ADS). Each RDS.B ADS represents two B shares.
[C] At the date of appointment.
[D] Held as 1,500 ADSs (RDS.B ADS). Each RDS.B ADS represents two B shares.
[E] Held as 4,200 ADSs (RDS.B ADS). Each RDS.B ADS represents two B shares.

No Director is, or was, materially interested in any contract subsisting during or at the end of the year that was significant in relation to the Company's business.

QUALIFYING THIRD-PARTY INDEMNITIES

The Company has entered into a deed of indemnity with each Director who served during the year under identical terms. The deeds indemnify the Directors to the widest extent permitted by the applicable laws of England against all liability incurred as a Director or employee of the Company or of certain other entities.

DIRECTORS' INTERESTS

The interests (in shares of the Company or calculated equivalents) of the Directors in office at the end of the year are set out in the table on page 20.

There were no changes in Directors' share interests during the period from December 31, 2012, to March 13, 2013, except in the case of Simon Henry whose interests increased by 277 B shares, and for those changes in the interests in shares or options awarded under the Long-term Incentive Plan, the Deferred Bonus Plan, and the share option plans.

As at March 13, 2013, the Directors and Senior Management of the Company beneficially owned individually and in aggregate (including shares under option) less than 1% of the total shares of each class of the Company shares outstanding.

REPURCHASES OF SHARES

On May 22, 2012, shareholders approved an authority, which will expire at the end of the 2013 AGM, for the Company to repurchase up to a maximum of 632 million of its shares (excluding share purchases for employee share-based compensation plans). During 2012, 43.7 million B shares with a nominal value of €3.1 million ($3.7 million) (representing 0.7% of the Company's entire issued share capital at December 31, 2012) were purchased for cancellation for a total cost of $1,492 million, including expenses, at an average price of $34.13 per B share. During the period January 1, 2013, to February 19, 2013, no share purchases were made.

The Board continues to regard the ability to repurchase issued shares in suitable circumstances as an important part of the financial management of the Company. A resolution will be proposed at the 2013 AGM to renew the authority for the Company to purchase its own share capital up to specified limits for another year. More detail of this proposal is given in the Notice of the AGM.

POLITICAL AND CHARITABLE CONTRIBUTIONS

No donations were made by the Company or any of its subsidiaries to political parties or organisations during the year. Shell Oil Company administers the non-partisan Shell Oil Company Employees' Political Awareness Committee (SEPAC), a political action committee registered with the US Federal Election Commission. Eligible employees may make voluntary personal contributions to the SEPAC.

Shell, through individual subsidiaries, sponsors social investment programmes in many countries throughout the world. In the UK, Shell donated $16 million in 2012 to charitable causes and sponsorships. This included donations to the Shell Foundation, an independent charity established in 2000 that applies business thinking to global development challenges.

ESSENTIAL CONTRACTS AND TAKEOVERS DIRECTIVE INFORMATION

Shell does not have contracts or other arrangements that individually are essential to its business, nor does it have any significant agreements that would take effect, alter or terminate upon a change of control of the Company following a takeover bid.

SHARE OWNERSHIP TRUSTS

Shell currently operates three primary employee share ownership trusts: a Dutch Stichting and two US Rabbi Trusts. The shares held by the Stichting are voted by the Stichting Board and the shares in the Rabbi Trusts are voted by the Voting Trustee, Evercore Trust Company, N.A. Both the Stichting Board and the Voting Trustee are independent of the Company.

The UK Shell All Employee Share Ownership Plan (SAESOP) has a separate related share ownership trust. Shares held for the SAESOP are voted by its trustee, EES Corporate Trustees Limited, as directed by the participants.

AUDITORS

PricewaterhouseCoopers LLP has signified its willingness to continue in office and a resolution for its reappointment will be proposed at the 2013 AGM.

CORPORATE GOVERNANCE

The Company's statement on corporate governance is included in the "Summary of corporate governance" report on pages 26–29.

ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) will take place on May 21, 2013, at the Circustheater, Circusstraat 4, The Hague, The Netherlands. Details of the business to be put to shareholders at the AGM can be found in the Notice of the Annual General Meeting.

SUMMARY DIRECTORS' REMUNERATION REPORT

The Remuneration Committee (REMCO) continued operating existing policies in 2012. Particularly in the area of performance conditions relating to variable pay, no reviews were required.

In 2012, we continued our constructive engagements with major shareholders and shareholder institutions. The 2012 AGM vote resulted in 90.88% in favour of the 2011 Remuneration Report resolution.

Malcolm Brinded stood down as an Executive Director with effect from April 1, 2012. The forward-looking statements in this report are related to the two remaining Executive Directors.

EXECUTIVE DIRECTORS

The Executive Directors' remuneration package comprises a base salary, an annual bonus and long-term incentives, as well as a pension plan and other benefits. REMCO makes policy decisions guided by the following principles:

- alignment with Shell's strategy;
- pay for performance;
- competitiveness;
- long-term creation of shareholder value;
- consistency;
- compliance; and
- risk assessment.

The Executive Directors' compensation package is strongly linked to the achievement of stretch targets that are seen as indicators of the execution of Shell's strategy. REMCO considers this link to be critical. The chart on page 23 summarises the connection.

REMCO determines remuneration levels by reference to companies of comparable size, complexity and global scope. The current key comparator group consists of BP, Chevron, ExxonMobil and Total as well as a selection of major Europe-based companies.

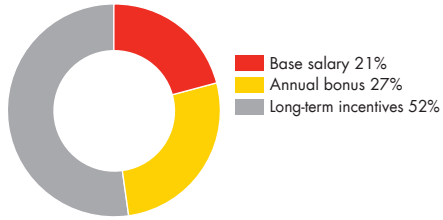
The Chief Executive Officer is expected to build up a shareholding in Royal Dutch Shell plc over five years of three times his base salary. Other Executive Directors are expected to build up a shareholding to the value of two times their base salary over the same period.

As at December 31, 2012, the relevant shareholding by Peter Voser was 426,638 A shares, equivalent to approximately seven times his base salary, and by Simon Henry was 9,175 A shares and 99,843 B shares, equivalent to approximately three times his base salary.

All performance-based incentives awarded to Executive Directors are subject to a clawback provision which applies in situations of financial restatements due to material non-compliance and/or misconduct by an Executive Director or misconduct through his direction or non-direction.

The chart below shows that, with on-target values, more than three-quarters of the Executive Directors' compensation (excluding pension) is linked directly to Shell's performance through the variable pay instruments described below.

TARGET PAY DISTRIBUTION



BASE SALARY

REMCO reviewed Executive Directors' annual base salary levels and made the following decisions regarding salary adjustments as of January 1, 2013: CEO Peter Voser's salary was set at €1,640,000 (+2.5%) and CFO Simon Henry's at €985,000 (+4.8%).

ANNUAL BONUS

REMCO uses the annual bonus to focus on short-term targets that the Board agrees each year as part of the Business Plan, and on individual performance against personal targets. A scorecard with financial, operational, project delivery and sustainable development targets represents the link to business results. The scorecard targets are stretching but realistic. The scorecard for the year is set and approved by REMCO. The outcome of the performance year is usually known in January of the following year, and REMCO translates this into a score of between zero and two. In doing so, REMCO exercises its judgement to ensure that the final annual bonuses for Executive Directors are in line

2012 SUMMARY COMPENSATION € THOUSAND

	Peter Voser	Simon Henry
Earnings [A]	5,086	2,502
Value of released 2009 LTIP awards	2,468	–
Value of released 2009 DBP awards	1,026	–
Value of released 2009 PSP awards	–	1,412[B]
Value of exercised share options	–	298
Total compensation in euros	8,580	4,212
in dollars	11,033	5,416
in sterling	6,962	3,417

[A] More information including details on Malcolm Brinded can be found on page 25.

[B] Value of shares under the Performance Share Plan (PSP), received prior to appointment as an Executive Director, released in March 2012.

with Shell's performance for the reported year. The target level, as a percentage of salary, of the 2012 bonuses was unchanged from 2011: 150% for the Chief Executive Officer and 110% for the other Executive Directors.

In assessing Shell's 2012 performance, REMCO noted that:

- Net cash from operating activities was on target at $46 billion;
- Operational excellence was above target:
  - project delivery was outstanding at 90%;
  - hydrocarbon production was substantially below target at 3,262 thousand boe/d;
  - LNG sales were outstanding at 20.2 million tonnes; and
  - combined refinery and chemical plant availability was above target at 92.9%.
- Shell's sustainability performance was in aggregate above target:
  - occupational safety, as measured by the total recordable case frequency (TRCF), was on target at 1.3 cases per million working hours; and
  - targeted internal measures covering volume of operational spills, use of fresh water, and energy intensity were better than target, whereas the number of operational spills was on target.

REMCO considered overall performance and decided to follow the mathematical outcome of the scorecard of 1.35.

REMCO took into account individual performance and determined the annual bonuses for 2012 as €3,300,000 for Peter Voser, €1,500,000 for Simon Henry and €550,000 for Malcolm Brinded (prorated), respectively.

LONG-TERM INCENTIVES

There are two main long-term incentive programmes currently in use: the Long-term Incentive Plan (LTIP) and the Deferred Bonus Plan (DBP). Another long-term incentive programme – the Restricted Share Plan (RSP) – is available for retention purposes.

Long-term incentives focus on performance relative to other oil majors: BP, Chevron, ExxonMobil and Total. They reward Executive Directors if Shell outperforms its peers over a three-year period on a combination of TSR, EPS growth on the basis of current cost of supplies (CCS), hydrocarbon production growth and net cash growth from operating activities. Vested shares are increased by dividend shares accrued over the performance period. Following payment of taxes, vested shares from LTIP awards must be held for a further two years to align with the strategic focus.

The LTIP and DBP vest on the basis of relative performance rankings:

RELATIVE PERFORMANCE RANKINGS

Shell's rank against peers [A]	Number of conditional performance shares ultimately awarded [B]
1st	2 x initial LTIP award 2 x half of the deferred bonus shares
2nd	1.5 x initial LTIP award 1.5 x half of the deferred bonus shares
3rd	0.8 x initial LTIP award 0.8 x half of the deferred bonus shares
4th or 5th	Nil

[A] On each of the four performance measures.

[B] Taking into account the weightings of the four performance measures.

REMUNERATION SUPPORTING THE STRATEGIC FOCUS

Strategic focus
- **Investment priorities driven on a global thematic basis:**
  - Operational performance and selective growth of upstream and downstream engines
  - Growth priority: integrated gas, deep water and resources plays (shale oil and gas)
  - Development of future opportunities
- **More efficient deployment of capital, people and technology**

SHORT TERM: ONE YEAR Base salary Annual bonus	MEDIUM TERM: FIVE YEARS LTIP Deferred bonus	LONG TERM: FIVE TO TEN YEARS Personal shareholdings
▪ Base salary competitively positioned recognising the scope and complexity of the role. ▪ Annual bonus based on performance against a scorecard of short-term strategic targets and individual achievement.	▪ Three-year growth in TSR, EPS (CCS), hydrocarbon production and net cash from operating activities, compared with that of BP, Chevron, ExxonMobil and Total, determines LTIP pay-out and DBP match. ▪ LTIP shares need to be held for two years after vesting.	▪ Shareholding requirement for tenure in role. ▪ Variable pay gains subject to clawback provisions, extending three years beyond payment.

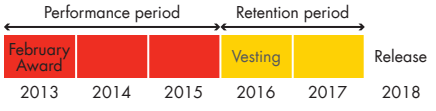
If the TSR ranking is fourth or fifth, the level of the award that can be vested on the basis of the three other measures will be capped at 50% of the maximum pay-out for the LTIP and half of the deferred bonus shares for the DBP.

Under the DBP, Executive Directors must invest at least 25% of their annual bonus, up to a maximum of 50%, in Royal Dutch Shell plc shares. These deferred bonus shares are released after three years, and may be matched with additional shares.

Vesting In 2010, Executive Directors were granted a conditional award of performance shares under the LTIP and matching shares under the DBP. At the end of the performance period, which was from January 1, 2010, to December 31, 2012, Shell was ranked second among its peer group in terms of TSR, first in terms of EPS growth, second in terms of hydrocarbon production growth and first in terms of growth in net cash from operating activities. REMCO also considered the underlying financial performance of Shell and decided to release 175% of shares under the LTIP, using no discretion. Given that the performance condition of the DBP is the same as for the 2010 LTIP, REMCO decided to release 175% of the performance-related matching shares under the DBP.

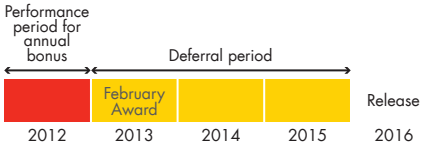
Award On February 28, 2013, a conditional award of performance shares under the LTIP was made to the Executive Directors. The award had a face value of three times base salary for the Chief Executive Officer and 2.4 times base salary for the Chief Financial Officer.

TIMELINE FOR 2013 LTIP SHARE AWARDS



Peter Voser and Simon Henry elected to defer 50% of their 2012 annual bonus into the DBP which was awarded on February 28, 2013.

TIMELINE FOR 2012 DEFERRED BONUS PLAN



In 2012, the aggregate value of shares which vested from the LTIP and DBP awarded to the Executive Directors in 2009 was $14,251,000 and the aggregate amount of gains derived from their exercise of share options in the same period was $3,296,000.

PENSION INTERESTS

During 2012, Peter Voser, Simon Henry and Malcolm Brinded accrued retirement benefits under defined benefit plans.

CONTRACTS OF EMPLOYMENT

Executive Directors' employment contracts are governed by Dutch employment law. This choice was made because mandatory provisions of Dutch employment law apply even if a foreign law has been specified to govern the contract. This is consistent with the employment terms of other Shell senior managers and staff based in the Netherlands. The contracts end by notice of either party (one month for an employee and up to a maximum of four months for the employer) or automatically at retirement. Under Dutch law, termination payments are not linked to the contract's notice period.

For current Executive Directors, REMCO will offer compensation for losses resulting from termination of employment up to one times annual pay (base salary plus target bonus). For future Executive Directors, all new contracts will include a cap of one times annual pay (base salary plus target bonus) on any payments resulting from loss of employment, with a reference to the Executive Directors' duty to seek alternative employment and thereby mitigate their loss. This level of termination payments was part of a number of policy changes supported by shareholders in 2011 following consultations.

REMCO will determine terms and conditions for any situation where a severance payment is appropriate, taking into consideration applicable law, corporate governance provisions and the best interests of shareholders at the time. REMCO will ensure that poor performance is not rewarded in such circumstances.

Former Executive Director Malcolm Brinded

Malcolm Brinded stood down as an Executive Director with effect from April 1, 2012. Remuneration (by way of salary, bonus, cash benefits and non-cash benefits) related to his period as an Executive Director is included in the Earnings of Executive Directors table on page 25. The aggregate value of his shares at release in 2012 under the LTIP and DBP was £4,268,000. In addition, he realised gains of £1,825,000 from share options exercised on April 2, 2012.

NON-EXECUTIVE DIRECTORS

REMUNERATION POLICY

The Board determines the fees payable to Non-executive Directors (NEDs) of the Company, within the limit of €4,000,000 specified by the Articles of Association and in accordance with the NEDs' responsibilities and time commitments.

The Board reviews NED fees periodically to ensure that they are aligned with those of other major listed companies. The Chairman's fee is determined by REMCO. A review was undertaken during 2012 and the Chairman's fee was increased from €800,000 to €825,000. The Board reviewed the NED fees, which resulted in an increase in the base annual fee from €120,000 to €125,000. These changes were implemented in January 2013.

NON-EXECUTIVE DIRECTORS' FEES STRUCTURE (UNAUDITED)	€
Chairman of the Board	825,000
Non-executive Director annual fee	125,000
Senior Independent Director	55,000
Audit Committee	
Chairman [A]	45,000
Member	25,000
Corporate and Social Responsibility Committee	
Chairman [A]	35,000
Member	17,250
Nomination and Succession Committee	
Chairman [A]	25,000
Member	12,000
Remuneration Committee	
Chairman [A]	35,000
Member	17,250
Intercontinental travel fee	5,000

[A] The chairman of a committee does not receive an additional fee for membership of that committee.

The Chairman and the other NEDs cannot receive awards under any incentive or performance-based remuneration plans, and personal loans or guarantees are not granted to them. NEDs receive an additional fee of €5,000 for any Board meeting involving intercontinental travel – except for one meeting per year held in a location other than The Hague.

NEDs do not accrue any retirement benefits as a result of their Non-executive Directorships with the Company. During his service as an employee, Jeroen van der Veer accrued retirement benefits and was awarded share options as well as conditional shares under the LTIP and DBP.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Shell paid and/or accrued a total amount of compensation of $83,028,000 [A] for services in all capacities that Directors and Senior Management at Shell provided during the year ended December 31, 2012 (2011: $85,692,000). In addition, Shell accrued a total amount of $12,644,000 (excluding inflation), to provide pension, retirement and similar benefits for Directors and Senior Management during the year ended December 31, 2012 (2011: $9,236,000). Employer contributions to pension plans in respect of Executive Directors were €848,143 in 2012 (2011: €1,161,641).

[A] Compensation includes gains realised from long-term incentive awards released and share options exercised during the year.

HISTORICAL TSR PERFORMANCE GRAPHS

Charts showing our historical performance on total shareholder return (TSR) can be found on page 35.

EARNINGS OF EXECUTIVE DIRECTORS IN OFFICE DURING 2012 (AUDITED) — € THOUSAND

	Peter Voser		Simon Henry		Malcolm Brinded	
	2012	2011	2012	2011	2012	2011
Salary	1,600	1,550	940	890	300	1,175
Bonus [A]	3,300	3,500	1,500	1,500	550	2,000
Cash benefits [B]	183	155	20	50	2,520	1
Non-cash benefits [C]	3	3	42	29	28	38
Total in euros	5,086	5,208	2,502	2,469	3,398	3,214
Total in dollars	6,539	7,249	3,217	3,436	4,370	4,473
Total in sterling	4,126	4,521	2,030	2,143	2,758	2,790

[A] The annual bonus figures are shown in the table in their related performance year and not in the year in which they are paid.

[B] Cash benefits include employer contributions to insurance plans, school fees, car allowances, tax compensation and the severance payment specific to Malcolm Brinded. Separately, as disclosed in the 2011 Directors' Remuneration Report, following his relocation to the Netherlands in 2002, Malcolm Brinded received an indemnity on the house that Shell requested him to purchase in the Netherlands. The indemnity entailed that, should a Shell-initiated transfer result in the sale of this property at a loss (defined as a sale price below the original purchase price of €3,375,532), Shell would compensate him for such loss. Malcolm Brinded returned to the UK in April 2012 and marketed the property. In November 2012, Shell purchased the property for €2,383,333 (calculated as the average of three independent valuations). Since this was lower than the original purchase price, Shell made a payment to Malcolm Brinded of €992,199 to compensate him for the difference between the final sale price and the original purchase price which, when grossed up for tax, amounted to €2,067,248.

[C] Non-cash benefits comprise life and medical insurance, company-provided transport for home to office commuting, relocation costs and lease cars.

The aggregate amount paid to or receivable by Executive Directors from Royal Dutch Shell plc and its subsidiaries for services in all capacities during the fiscal year ended December 31, 2012, was €13,043,000 (2011: €10,891,000).

FEES OF NON-EXECUTIVE DIRECTORS IN OFFICE DURING 2012 (AUDITED) — THOUSAND

	2012[E]		2011	
Non-executive Directors	€	$	€	$
Josef Ackermann	145	186	137	191
Guy Elliott	165	212	157	219
Charles O. Holliday	207	266	196	272
Lord Kerr of Kinlochard [A]	80	103	214	297
Gerard Kleisterlee	145	186	145	202
Christine Morin-Postel	145	186	153	212
Jorma Ollila [B]	800	1,029	800	1,112
Sir Nigel Sheinwald [C]	69	88	–	–
Linda G. Stuntz	175	225	95	131
Jeroen van der Veer [D]	137	176	137	191
Hans Wijers	200	258	162	226

[A] Lord Kerr of Kinlochard stood down with effect from May 22, 2012.

[B] Jorma Ollila receives no additional payments for chairing the Nomination and Succession Committee. He has the use of an apartment and company-provided transport between home and office. The total value of his non-cash benefits amounted to approximately €121,000. Accordingly, his total fees and non-cash benefits for 2012 were €921,000 (2011: €864,000).

[C] Sir Nigel Sheinwald was appointed with effect from July 1, 2012.

[D] In 2012, Jeroen van der Veer realised gains of €2,705,000 on the DBP awarded in 2009, €5,962,000 from vested shares under the LTIP awarded in 2009 and €2,792,000 from exercised share options granted in 2003. These awards were granted while he was an Executive Director.

[E] In 2012, the total amount of fees and non-cash benefits received by NEDs was €2,389,000 (2011:€2,259,000).

SUMMARY OF CORPORATE GOVERNANCE

This Summary briefly lays out the Company's corporate governance policies. It also describes how the Board followed the principles of the UK Corporate Governance Code.

STATEMENT OF COMPLIANCE

The Board confirms that throughout the year the Company has applied the main principles and complied with the relevant provisions set out in the 2010 UK Corporate Governance Code (the Code). In addition to complying with applicable corporate governance requirements in the UK, the Company must follow the rules of Euronext Amsterdam as well as Dutch securities laws because of its listing on this exchange. The Company must likewise follow US securities laws and the New York Stock Exchange (NYSE) rules and regulations because its securities are registered in the USA and listed on the NYSE.

NYSE GOVERNANCE STANDARDS

In accordance with the NYSE rules for foreign private issuers, the Company follows home-country practice in relation to corporate governance. However, foreign private issuers are required to have an audit committee that satisfies the requirements of the U.S. Securities and Exchange Commission's Rule 10A-3. The Company's Audit Committee satisfies such requirements. The NYSE also requires a foreign private issuer to provide certain written affirmations and notices to the NYSE, as well as a summary of the ways in which its corporate governance practices differ significantly from those followed by domestic US companies under NYSE listing standards.

SHELL GENERAL BUSINESS PRINCIPLES

The Shell General Business Principles define how Shell subsidiaries are expected to conduct their affairs. These principles include, among other things, Shell's commitment to support fundamental human rights in line with the legitimate role of business and to contribute to sustainable development.

SHELL CODE OF CONDUCT

Directors and employees are required to comply with the Shell Code of Conduct, which is intended to help them put Shell's business principles into practice. This code clarifies the basic rules and standards they are expected to follow and the behaviour expected of them.

CODE OF ETHICS

Executive Directors and Senior Financial Officers of Shell must also comply with a Code of Ethics. This code is specifically intended to meet the requirements of Section 406 of the Sarbanes-Oxley Act and the listing requirements of the NYSE (see above).

SHELL GLOBAL HELPLINE

Employees, contract staff and third parties with whom Shell has a business relationship (such as customers, suppliers and agents) may raise ethics and compliance concerns through the Shell Global Helpline. This is a worldwide confidential reporting mechanism, operated by an external third party, which is open 24 hours a day, seven days a week through local telephone numbers and through the internet.

BOARD STRUCTURE AND COMPOSITION

During 2012, the Board comprised the Chairman, Jorma Ollila; two Executive Directors including the Chief Executive Officer, except for the period from January 1 to March 31 when there were three Executive Directors; and nine Non-executive Directors, including the Deputy Chairman and Senior Independent Director, except for the period from May 23 to June 30 when there were eight Non-executive Directors.

At the 2012 Annual General Meeting (AGM) on May 22, 2012, Lord Kerr of Kinlochard stood down as a Non-executive Director and Sir Nigel Sheinwald was appointed as a Non-executive Director with effect from July 1, 2012. Hans Wijers succeeded Lord Kerr as Deputy Chairman and Senior Independent Director. A list of current Directors, including their biographies, is given on pages 18–19.

The Board recognises its collective responsibility for the long-term success of the Company. It meets eight times a year and has a formal schedule of matters reserved to it. This includes: overall strategy and management; corporate structure and capital structure; financial reporting and controls, including approval of the Annual Report and Form 20-F and interim dividends; risk management and internal controls; significant contracts; and succession planning and new Board appointments.

ROLE OF DIRECTORS

The roles of the Chairman, a non-executive role, and the Chief Executive Officer are separate, and the Board has agreed their respective responsibilities.

The Chairman, Jorma Ollila, is responsible for the leadership and management of the Board and for ensuring that the Board and its committees function effectively. One way in which this is achieved is by ensuring Directors receive accurate, timely and clear information. He is also responsible for agreeing and regularly reviewing the training and development needs of each Director (see "Induction and training" below) which he does with the assistance of the Company Secretary.

The Chief Executive Officer, Peter Voser, bears overall responsibility for the implementation of the strategy agreed by the Board, the operational management of the Company and the business enterprises connected with it. He is supported in this by the Executive Committee, which he chairs (see below).

NON-EXECUTIVE DIRECTORS

Non-executive Directors are appointed by the Board or by shareholders in general meeting and, in accordance with the Code, must seek re-election by shareholders on an annual basis. Their letter of appointment refers to a specific term of office, such term being subject to the provisions of the Code and the Company's Articles of Association. Upon appointment, Non-executive Directors confirm they are able to allocate sufficient time to meet the expectations of the role. Appointments are subject to three months' notice and there is no compensation provision for early termination.

The Non-executive Directors bring a wide range and balance of skills and international business experience to Shell. Through their contribution to Board meetings and to the Board's committee meetings, they are expected to challenge constructively and help develop proposals on strategy and bring independent judgement on issues of performance and risk. The Chairman and the Non-executive Directors meet routinely without the Executive Directors to discuss, among other things, the performance of individual Directors. A number of Non-executive Directors also meet major shareholders from time to time.

The role of the Senior Independent Director is to provide a sounding board for the Chairman and to serve as an intermediary for the other Directors when necessary. The Senior Independent Director is available to shareholders if they have concerns that contact through the normal channels of Chairman, Chief Executive Officer or other Executive Directors has failed to resolve or for which such contact is inappropriate.

All the Non-executive Directors as at the end of 2012 are considered by the Board to be wholly independent, with the exception of Jeroen van der Veer, who served as Chief Executive until his retirement from that role on June 30, 2009. He will stand down as a Non-executive Director at the close of business of the 2013 AGM. The standard by which Directors' independence is determined can be found at www.shell.com/investor within the terms of reference of the Nomination and Succession Committee.

SIGNIFICANT COMMITMENTS OF THE CHAIRMAN

The Chairman's other significant commitments are given in his biography on page 18.

BOARD ACTIVITIES DURING THE YEAR

The Board met eight times during the year. Seven of the meetings were held in The Hague, the Netherlands, and one meeting was held in Perth, Australia. The agenda for each meeting included a number of regular items, including reports from each of the Board committees and from the Chief Executive Officer, the Chief Financial Officer and the other members of the Executive Committee. At most meetings the Board also considered a number of investment, divestment and financing proposals. During the year, the Board considered numerous strategic issues and approved each of the quarterly, half-year and full-year financial results and dividend announcements. The Board received regular reports from the various functions, including Corporate (which includes Human Resources, Health and Security), Finance (which includes Investor Relations) and Legal.

INDUCTION AND TRAINING

Following appointment to the Board, Directors receive a comprehensive induction tailored to their individual needs. This includes site visits and meetings with senior management to enable them to build up a detailed understanding of Shell's business and strategy, and the key risks and issues with which they are faced.

EXECUTIVE COMMITTEE

The Executive Committee operates under the direction of the Chief Executive Officer in support of his responsibility for the overall management of the Company's business and affairs. The Chief Executive Officer has final authority in all matters of management that are not within the duties and authorities of the Board or of the shareholders' general meeting.

ATTENDANCE AT BOARD AND BOARD COMMITTEE MEETINGS [A]

	Board	Audit Committee	Corporate and Social Responsibility Committee	Nomination and Succession Committee	Remuneration Committee
Josef Ackermann	7/8			4/4	4/5
Malcolm Brinded	2/2				
Guy Elliott	8/8	5/5			
Simon Henry	8/8				
Charles O. Holliday	8/8		4/4		5/5
Lord Kerr of Kinlochard	2/2		2/2	2/2	
Gerard Kleisterlee	8/8	5/5			
Christine Morin-Postel	8/8	5/5			
Jorma Ollila	8/8			6/6	
Sir Nigel Sheinwald	4/4		2/2		
Linda G. Stuntz	8/8	5/5			
Jeroen van der Veer	8/8		4/4		
Peter Voser	8/8				
Hans Wijers	8/8			6/6	5/5

[A] The first figure represents attendance and the second figure the possible number of meetings. For example, 7/8 signifies attendance at seven out of eight possible meetings. Where a Director stood down from the Board or a Board committee during the year, or was appointed during the year, only meetings before standing down or after the date of appointment are shown.

EXECUTIVE COMMITTEE

Peter Voser	Chief Executive Officer [A]
Simon Henry	Chief Financial Officer [A]
Ben van Beurden	Downstream Director
Matthias Bichsel	Projects & Technology Director
Andrew Brown	Upstream International Director
Hugh Mitchell	Chief Human Resources & Corporate Officer
Marvin Odum	Upstream Americas Director
Peter Rees	Legal Director

[A] Director of the Company.

BOARD COMMITTEES

There are four Board committees made up of Non-executive Directors. The Committee members' attendances are shown on page 27.

Audit Committee

The members of the Audit Committee are Guy Elliott (Chairman of the Committee), Gerard Kleisterlee, Christine Morin-Postel and Linda G. Stuntz, all of whom are financially literate, independent, Non-executive Directors. For the purposes of the Code, Guy Elliott qualifies as a person with "recent and relevant financial experience" and for the purposes of US securities laws is an "audit committee financial expert". The Committee met five times during the year.

The key responsibilities of the Committee are to assist the Board in fulfilling its oversight responsibilities in relation to: internal control and financial reporting; the effectiveness of the risk management and internal control system; compliance with applicable external legal and regulatory requirements; monitoring the qualifications, expertise, resources and independence of both the internal and external auditors; and assessing each year the auditors' performance and effectiveness. The Committee keeps the Board informed of the Committee's activities and recommendations. Where the Committee is not satisfied with, or wherever it considers action or improvement is required concerning any aspect of risk management and internal control, financial reporting or audit-related activities, it promptly reports these concerns to the Board.

The Committee in its meetings covers a variety of topics, both standing items that the Committee considers as a matter of course (typically in relation to the quarterly results announcements, control and accounting matters) as well as a range of specific topics relevant to the overall control framework of the Company. The Committee invites the Chief Financial Officer, the Chief Internal Auditor, the Executive Vice President Controller, the Vice President Accounting and Reporting and the external auditors to attend each meeting. Other members of management attend as and when requested. The Committee also holds private sessions with the external auditors and the Chief Internal Auditor without members of management being present.

Corporate and Social Responsibility Committee

The members of the Corporate and Social Responsibility Committee are Charles O. Holliday (Chairman of the Committee), Sir Nigel Sheinwald, Jeroen van der Veer and Gerrit Zalm. The Committee met four times during the year.

The Committee has a mandate to maintain a comprehensive overview of the policies and performance of the subsidiaries of the Company with respect to the Shell General Business Principles and the Code of Conduct as well as major issues of public concern. Conclusions and recommendations made by the Committee are reported directly to executive management and the Board.

The Committee fulfils its responsibilities by reviewing the management of health, safety, security, environmental and social impacts of projects and operations. It also monitors emerging environmental and social issues. It additionally provides input into the Shell Sustainability Report and reviews a draft of the report before publication.

In addition to holding regular formal meetings, the Committee also visits Shell locations and meets with local staff and external stakeholders in order to observe how Shell's standards regarding health, safety, security, the environment and social performance are being implemented in practice. During 2012, the Committee visited the Niger Delta, Nigeria, and a production platform in the UK North Sea.

Nomination and Succession Committee

The members of the Nomination and Succession Committee are Jorma Ollila (Chairman of the Committee), Josef Ackermann and Hans Wijers. The Committee met six times during the year.

The Committee keeps under review the leadership needs of the Company and identifies and nominates suitable candidates for the Board's approval to fill vacancies as and when they arise. In addition, it makes recommendations on who should be appointed Chairman of the Audit Committee, the Corporate and Social Responsibility Committee and the Remuneration Committee and, in consultation with the relevant chairman, recommends who should sit on the Board committees. It also makes recommendations on corporate governance guidelines, monitors compliance with corporate governance requirements and makes recommendations on disclosures connected with corporate governance and its appointment processes.

During 2012, the Committee dealt with issues related to: director search, succession and nomination; the terms of appointment for the Non-executive Directors; the appointment of the Upstream International Director and the Downstream Director; the Executive Committee talent pipeline; and the terms of reference of the Audit Committee and the Corporate and Social Responsibility Committee. It also considered the UK's Department for Business, Innovation & Skills (BIS) Executive Pay-Shareholder Voting Rights Consultation and the 2012 UK Corporate Governance Code. Additionally, the Committee conducted an evaluation of the Company's corporate governance arrangements, led the Board evaluation process and considered any potential conflicts of interest and the independence of the Non-executive Directors.

The Board takes the issue of Boardroom diversity very seriously and believes that maintaining an appropriate balance of experience, skills, knowledge and background is key to its effective performance. It believes gender diversity is an important element of this mix. In 2011, it issued a statement welcoming the recommendations of the report by Lord Davies of Abersoch entitled "Women on Boards" and stated that by 2015 at least 25% of the Directors would, as recommended by the report, be expected to be women. At the end of 2012 there were two women on the Board (16%). The Board will endeavour to increase the number of women Non-executive Directors from two to three by 2015.

Remuneration Committee

The members of the Remuneration Committee are Hans Wijers (Chairman of the Committee), Josef Ackermann and

Charles O. Holliday. The Committee met five times during the year.

The Committee determines and agrees with the Board the remuneration policy for the Chairman, Chief Executive Officer and Executive Directors and, within the terms of this policy, determines their individual remuneration. The Committee also considers and advises on the terms of any contract to be offered to an Executive Director. It monitors the remuneration for other senior executives and makes recommendations.

In 2012, the Committee continued its constructive engagements with major shareholders and shareholder bodies. This dialogue will continue in 2013; after publication of the 2012 Annual Report and Form 20-F, further meetings with major shareholders are planned. The Committee will continue to monitor developments in respect of executive remuneration governance and reporting, and prepare for revised regulations in this area for the 2013 Directors' Remuneration Report.

BOARD EVALUATION

The Board carried out a performance evaluation of itself, its Committees, the Chairman and each of the Directors. This was led by the Nomination and Succession Committee and, like the process in 2011, was conducted in-house. In accordance with the provisions of the Code, it is the intention to engage an external facilitator to assist in the process for 2013.

The performance of the Board and the Board Committees was discussed by the Nomination and Succession Committee and the full Board. The performance evaluation of the Chairman was reviewed in a session led by the Deputy Chairman with attendance by all other Directors excluding the Chairman.

RESULTS PRESENTATIONS AND ANALYSTS' MEETINGS

The quarterly, half-yearly and annual results presentations as well as all major analysts' meetings are announced in advance on the Shell website and through a regulatory release. These presentations are broadcast live via webcast and teleconference. Other meetings with analysts or investors are not normally announced in advance, nor can they be followed remotely by webcast or any other means. Procedures are in place to ensure that discussions in such meetings are always limited to non-material information or information already in the public domain.

Results and meeting presentations can be found at www.shell.com. This is in line with the requirement to ensure that all shareholders and other parties in the financial market have equal and simultaneous access to information that may influence the price of the Company's securities. The Chairman, the Deputy Chairman and Senior Independent Director, the Chief Executive Officer, the Chief Financial Officer and the Executive Vice President Investor Relations meet regularly with major shareholders and report the views of such shareholders to the Board.

GOING CONCERN

The Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and continue to adopt the going concern basis of accounting in preparing the financial statements contained in this Review.

CONTROLS AND PROCEDURES

The Board is responsible for maintaining a sound system of risk management and internal control, and for regularly reviewing its effectiveness. It has delegated authority to the Audit Committee to assist it in fulfilling its responsibilities in relation to internal control and financial reporting.

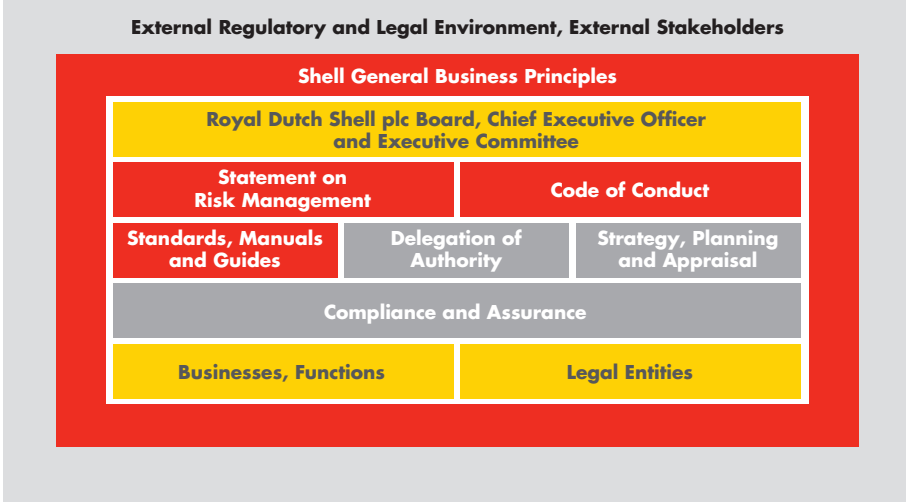
A single overall control framework is in place for the Company and its subsidiaries that is designed to manage rather than eliminate the risk of failure to achieve business objectives. It therefore only provides a reasonable and not an absolute assurance against material misstatement or loss.

The diagram below illustrates the Control Framework's key components.

The Board confirms that there is an ongoing process for identifying, evaluating and managing the significant risks to the achievement of Shell's objectives. This has been in place throughout the year and, up to the date of this Review, is regularly reviewed by the Board and accords with the guidance for directors, known as the Turnbull Guidance.

More corporate governance information can be found at www.shell.com/investor

CONTROL FRAMEWORK



SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

These Summary Consolidated Financial Statements are an abridged version of the Consolidated Financial Statements of Shell for 2012, as presented in the Royal Dutch Shell plc Annual Report and Form 20-F for the year ended December 31, 2012. The auditors' reports on the Consolidated and Parent Company Financial Statements are contained in the Annual Report and Form 20-F for 2012. Their opinions expressed therein on the Consolidated Financial Statements and the auditable part of the Directors' Remuneration Report and their statements relating to the Report of the Directors were unqualified; neither report contained a statement under sections 498(2) or 498(3) of the Companies Act 2006.

SUMMARY CONSOLIDATED STATEMENT OF INCOME		$ MILLION
	2012	2011
Total revenue and other income	481,700	484,489
Income before taxation	50,289	55,660
Taxation	23,449	24,475
Income for the period	26,840	31,185
Income attributable to non-controlling interest	248	267
Income attributable to Royal Dutch Shell plc shareholders	26,592	30,918

SUMMARY CONSOLIDATED BALANCE SHEET (AT DECEMBER 31)		$ MILLION
	2012	2011
Assets		
Non-current assets	245,591	225,480
Current assets	114,734	119,777
Total assets	360,325	345,257
Liabilities		
Non-current liabilities	73,419	71,595
Current liabilities	96,979	102,659
Total liabilities	170,398	174,254
Equity attributable to Royal Dutch Shell plc shareholders	188,494	169,517
Non-controlling interest	1,433	1,486
Total equity	189,927	171,003
Total liabilities and equity	360,325	345,257

Annual Review and Summary Financial Statements signed on behalf of the Board

/s/ Simon Henry

Simon Henry
Chief Financial Officer
March 13, 2013

SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS		$ MILLION
	2012	2011
Net cash from operating activities (pre-tax)	67,170	59,393
Taxation paid	(21,030)	(22,622)
Net cash from operating activities	46,140	36,771
Net cash used in investing activities	(28,453)	(20,443)
Net cash used in financing activities	(10,630)	(18,131)
Increase/(decrease) in cash and cash equivalents before currency translation	7,057	(1,803)
Currency translation differences relating to cash and cash equivalents	201	(349)
Increase/(decrease) in cash and cash equivalents	7,258	(2,152)
Cash and cash equivalents at January 1	11,292	13,444
Cash and cash equivalents at December 31	18,550	11,292

SUMMARY RECONCILIATION OF NET DEBT [A]		$ MILLION
	2012	2011
At January 1	(25,883)	(30,888)
Cash flow		
Debt	17	7,124
Cash and cash equivalents	7,057	(1,803)
Other movements	(509)	(149)
Currency translation differences	114	(167)
At December 31	(19,204)	(25,883)

[A] The Summary Reconciliation of Net Debt is not a primary statement and does not form part of the Summary Consolidated Statement of Cash Flows.

For further financial information consult the full 2012 Annual Report and Form 20-F at http://reports.shell.com

NOTES TO THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

1 NATURE OF THE SUMMARY CONSOLIDATED FINANCIAL STATEMENTS

The Summary Consolidated Financial Statements have been derived from the Consolidated Financial Statements of Royal Dutch Shell plc (the Company) and its subsidiaries (collectively known as Shell). Under the provisions of the Companies Act 2006 and Article 4 of the International Accounting Standards (IAS) Regulation, the Consolidated Financial Statements of the Company and its subsidiaries have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. As applied to Shell, there are no material differences from IFRS as issued by the International Accounting Standards Board (IASB); therefore, the Consolidated Financial Statements have been prepared in accordance with IFRS as issued by the IASB.

The Consolidated Financial Statements are presented in US dollars and include the financial statements of the Company and its subsidiaries, being those companies over which the Company, either directly or indirectly, has control through a majority of the voting rights or the right to exercise control or to obtain the majority of the benefits and be exposed to the majority of the risks. Arrangements under which Shell has contractually agreed to share control with another party or parties are joint ventures, which may be incorporated (jointly controlled entities) or unincorporated (jointly controlled assets). Investments in entities over which Shell has the right to exercise significant influence but not control are classified as associates. Interests in jointly controlled entities and associates are accounted for using the equity method; interests in jointly controlled assets are recognised by including the Shell share of assets, liabilities, income and expenses on a line-by-line basis.

2 DIVIDENDS

	$ MILLION	
	2012	2011
Interim dividends – A shares		
Cash: $1.71 per share (2011: $1.68)	3,583	3,440
Scrip: $1.71 per share (2011: $1.68)	2,803	2,556
Total – A shares	6,386	5,996
Interim dividends – B shares		
Cash: $1.71 per share (2011: $1.68)	3,807	3,437
Scrip: $1.71 per share (2011: $1.68)	762	1,024
Total – B shares	4,569	4,461
Total	10,955	10,457

In addition, on January 31, 2013, the Directors announced a further interim dividend in respect of 2012 of $0.43 per A share and $0.43 per B share. The total dividend is estimated to be $2,748 million and is payable on March 28, 2013. Under the Scrip Dividend Programme, shareholders can elect to receive dividends in the form of A shares.

3 EARNINGS PER SHARE

EARNINGS PER SHARE	$	
	2012	2011
Basic	4.25	4.98
Diluted	4.24	4.97

WEIGHTED AVERAGE NUMBER OF A AND B SHARES	MILLION	
	2012	2011
Basic	6,261	6,213
Diluted	6,268	6,222

4 POST BALANCE SHEET EVENTS

Shell entered into an agreement to acquire part of Repsol S.A.'s LNG portfolio for a cash consideration of $4.4 billion. Under the terms of the agreement, which is subject to regulatory approvals and other conditions precedent, Shell will assume the finance lease obligations of the businesses acquired, provisionally estimated at $1.8 billion.

INDEPENDENT AUDITORS' STATEMENT TO THE MEMBERS OF ROYAL DUTCH SHELL PLC

We have examined the Summary Consolidated Financial Statements included in the Royal Dutch Shell plc Annual Review and Summary Financial Statements, which comprise the Summary Consolidated Statement of Income, the Summary Consolidated Balance Sheet, the Summary Consolidated Statement of Cash Flows and the Notes to the Summary Consolidated Financial Statements, together with the Summary Report of the Directors and the Summary Directors' Remuneration Report (collectively Summary Financial Information).

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for preparing the Royal Dutch Shell plc Annual Review and Summary Financial Statements in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Information within the Royal Dutch Shell plc Annual Review and Summary Financial Statements with the full annual Consolidated Financial Statements, the Report of the Directors and the Directors' Remuneration Report, and its compliance with the relevant requirements of section 428 of the Companies Act 2006 and the regulations made thereunder.

We also read the other information contained in the Royal Dutch Shell plc Annual Review and Summary Financial Statements and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Information. The other information comprises the other items listed on the index on the inside front cover.

This statement, including the opinion, has been prepared for and only for the Company's members as a body in accordance with section 428 of the Companies Act 2006 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our reports on the Company's full annual Consolidated Financial Statements and the Parent Company Financial Statements describe the basis of our audit opinions on those Consolidated Financial Statements, the Report of the Directors and the Directors' Remuneration Report.

OPINION

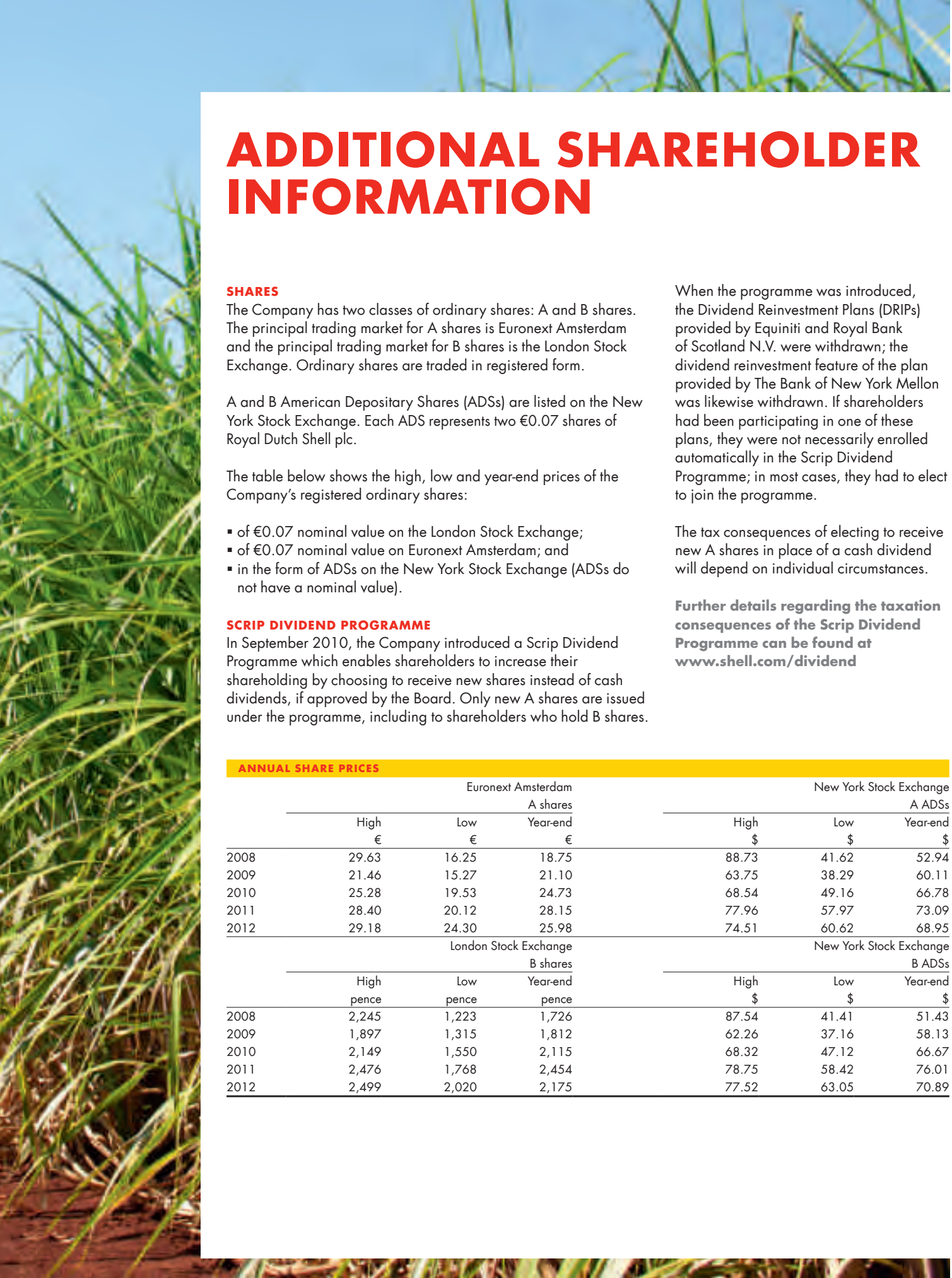
In our opinion the Summary Financial Information is consistent with the full annual Consolidated Financial Statements, the Report of the Directors and the Directors' Remuneration Report of Royal Dutch Shell plc for the year ended December 31, 2012, and complies with the applicable requirements of section 428 of the Companies Act 2006, and the regulations made thereunder.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
March 13, 2013

Notes:

(a) The maintenance and integrity of the Royal Dutch Shell plc website (www.shell.com) are the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the full annual Consolidated Financial Statements or the Summary Financial Information since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



ADDITIONAL SHAREHOLDER INFORMATION

SHARES

The Company has two classes of ordinary shares: A and B shares. The principal trading market for A shares is Euronext Amsterdam and the principal trading market for B shares is the London Stock Exchange. Ordinary shares are traded in registered form.

A and B American Depositary Shares (ADSs) are listed on the New York Stock Exchange. Each ADS represents two €0.07 shares of Royal Dutch Shell plc.

The table below shows the high, low and year-end prices of the Company's registered ordinary shares:

- of €0.07 nominal value on the London Stock Exchange;
- of €0.07 nominal value on Euronext Amsterdam; and
- in the form of ADSs on the New York Stock Exchange (ADSs do not have a nominal value).

SCRIP DIVIDEND PROGRAMME

In September 2010, the Company introduced a Scrip Dividend Programme which enables shareholders to increase their shareholding by choosing to receive new shares instead of cash dividends, if approved by the Board. Only new A shares are issued under the programme, including to shareholders who hold B shares.

When the programme was introduced, the Dividend Reinvestment Plans (DRIPs) provided by Equiniti and Royal Bank of Scotland N.V. were withdrawn; the dividend reinvestment feature of the plan provided by The Bank of New York Mellon was likewise withdrawn. If shareholders had been participating in one of these plans, they were not necessarily enrolled automatically in the Scrip Dividend Programme; in most cases, they had to elect to join the programme.

The tax consequences of electing to receive new A shares in place of a cash dividend will depend on individual circumstances.

Further details regarding the taxation consequences of the Scrip Dividend Programme can be found at www.shell.com/dividend

ANNUAL SHARE PRICES

	Euronext Amsterdam A shares			New York Stock Exchange A ADSs		
	High €	Low €	Year-end €	High $	Low $	Year-end $
2008	29.63	16.25	18.75	88.73	41.62	52.94
2009	21.46	15.27	21.10	63.75	38.29	60.11
2010	25.28	19.53	24.73	68.54	49.16	66.78
2011	28.40	20.12	28.15	77.96	57.97	73.09
2012	29.18	24.30	25.98	74.51	60.62	68.95
	London Stock Exchange B shares			New York Stock Exchange B ADSs		
	High pence	Low pence	Year-end pence	High $	Low $	Year-end $
2008	2,245	1,223	1,726	87.54	41.41	51.43
2009	1,897	1,315	1,812	62.26	37.16	58.13
2010	2,149	1,550	2,115	68.32	47.12	66.67
2011	2,476	1,768	2,454	78.75	58.42	76.01
2012	2,499	2,020	2,175	77.52	63.05	70.89

DIVIDENDS

A AND B SHARES					$
	2012	2011	2010	2009	2008
Q1	0.43	0.42	0.42	0.42	0.40
Q2	0.43	0.42	0. 42	0.42	0.40
Q3	0.43	0.42	0.42	0.42	0.40
Q4	0.43	0.42	0.42	0.42	0.40
Total announced in respect of the year	1.72	1.68	1.68	1.68	1.60

A SHARES					€ [A]
	2012	2011	2010	2009	2008
Q1	0.35	0.29	0.32	0.32	0.26
Q2	0.34	0.29	0.32	0.30	0.26
Q3	0.33	0.32	0.31	0.28	0.31
Q4	0.33	0.32	0.30	0.30	0.30
Total announced in respect of the year	1.35	1.22	1.25	1.21	1.13
Amount paid during the year	1.34	1.20	1.25	1.21	1.07

[A] Euro equivalent, rounded to the nearest euro cent.

B SHARES					PENCE [A]
	2012	2011	2010	2009	2008
Q1	27.92	25.71	27.37	28.65	20.05
Q2	27.08	25.77	26.89	25.59	20.21
Q3	26.86	27.11	26.72	25.65	24.54
Q4	28.79	26.74	25.82	26.36	27.97
Total announced in respect of the year	110.65	105.33	106.80	106.25	92.77
Amount paid during the year	108.60	104.41	107.34	107.86	82.91

[A] Sterling equivalent.

A AND B ADSs					$
	2012	2011	2010	2009	2008
Q1	0.86	0.84	0.84	0.84	0.80
Q2	0.86	0.84	0.84	0.84	0.80
Q3	0.86	0.84	0.84	0.84	0.80
Q4	0.86	0.84	0.84	0.84	0.80
Total announced in respect of the year	3.44	3.36	3.36	3.36	3.20
Amount paid during the year	3.42	3.36	3.36	3.32	3.12

PERFORMANCE GRAPHS

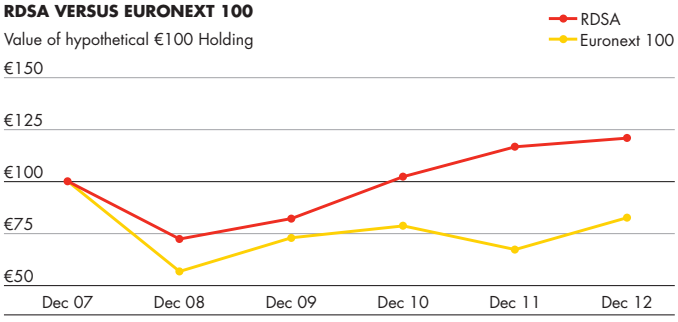
The graphs below compare the total shareholder return (TSR) performance of Royal Dutch Shell plc over the past five financial years with that of the companies comprising the Euronext 100 share index and the FTSE 100 share index. The Board regards the Euronext 100 and the FTSE 100 share indices as appropriate broad market equity indices for comparison, as they are the leading market indices in the home markets of Royal Dutch Shell plc.

HISTORICAL TSR PERFORMANCE OF ROYAL DUTCH SHELL PLC

Growth in the value of a hypothetical €100 holding and £100 holding over five years. Euronext 100 and FTSE 100 comparison based on 30 trading day average values.

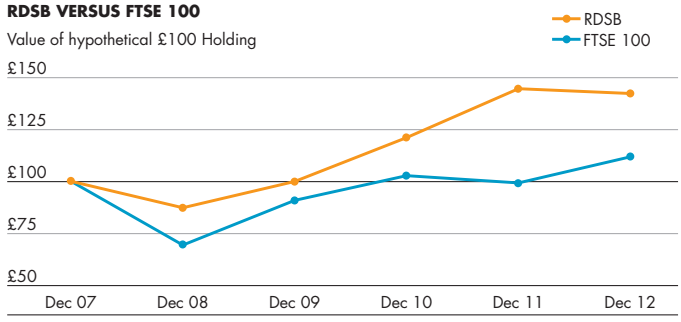
RDSA VERSUS EURONEXT 100

Value of hypothetical €100 Holding



RDSB VERSUS FTSE 100

Value of hypothetical £100 Holding



FINANCIAL CALENDAR

Financial year ends	December 31, 2012

Announcements

Full year results for 2012	January 31, 2013
First quarter results for 2013	May 2, 2013
Second quarter results for 2013	August 1, 2013
Third quarter results for 2013	October 31, 2013

Dividend timetable [A]

2012 Fourth quarter interim [B]	
Announced	January 31, 2013
Ex-dividend date	February 13, 2013
Record date	February 15, 2013
Scrip reference share price announcement date	February 20, 2013
Closing date for scrip election and currency election [C]	March 1, 2013
Euro and sterling equivalents announcement date	March 8, 2013
Payment date	March 28, 2013

2013 First quarter interim	
Announced	May 2, 2013
Ex-dividend date	May 15, 2013
Record date	May 17, 2013
Scrip reference share price announcement date	May 22, 2013
Closing date for scrip election and currency election [C]	June 3, 2013
Euro and sterling equivalents announcement date	June 10, 2013
Payment date	June 27, 2013

2013 Second quarter interim	
Announced	August 1, 2013
Ex-dividend date	August 14, 2013
Record date	August 16, 2013
Scrip reference share price announcement date	August 21, 2013
Closing date for scrip election and currency election [C]	September 2, 2013
Euro and sterling equivalents announcement date	September 9, 2013
Payment date	September 26, 2013

2013 Third quarter interim	
Announced	October 31, 2013
Ex-dividend date	November 13, 2013
Record date	November 15, 2013
Scrip reference share price announcement date	November 20, 2013
Closing date for scrip election and currency election [C]	November 29, 2013
Euro and sterling equivalents announcement date	December 6, 2013
Payment date	December 23, 2013

Annual General Meeting	May 21, 2013

[A] This timetable is the intended timetable as announced on November 1, 2012.

[B] The Directors do not propose to recommend any further distribution in respect of 2012.

[C] Different scrip and dividend currency election dates may apply to shareholders holding shares in a securities account with a bank or other financial institution ultimately holding through Euroclear Nederland. Such shareholders can obtain the applicable deadlines from their broker, financial intermediary, bank or other financial institution where they hold their securities account. A different scrip election date may also apply to registered and non-registered ADS holders. Registered ADS holders can contact The Bank of New York Mellon for the applicable deadline. Non-registered ADS holders can contact their broker, financial intermediary, bank or other financial institution for the applicable election deadline.

About this Review

In this Review "Shell" is sometimes used for convenience where references are made to the Company and its subsidiaries in general. Likewise, the words "we", "us" and "our" are also used to refer to subsidiaries in general or to those who work for them. These expressions are also used where no useful purpose is served by identifying the particular company or companies. "Subsidiaries" and "Shell subsidiaries" as used in this Review refer to companies over which the Company, either directly or indirectly, has control through a majority of the voting rights or the right to exercise control or to obtain the majority of the benefits and be exposed to the majority of the risks. The companies in which Shell has significant influence but not control are referred to as "associates" and companies in which Shell has joint control are referred to as "jointly controlled entities". Joint ventures are comprised of jointly controlled entities and jointly controlled assets. In this Review, jointly controlled entities and associates are also referred to as "equity-accounted investments". The term "Shell interest" is used for convenience to indicate the direct and/or indirect ownership interest held by Shell in a venture, partnership or company, after exclusion of all third-party interests.

Except as otherwise specified, the figures shown in the tables in this Review represent those in respect of subsidiaries only, without deduction of the non-controlling interest. However, the term "Shell share" is used for convenience to refer to the volumes of hydrocarbons that are produced, processed or sold through both subsidiaries and equity-accounted investments. All of a subsidiary's share of production, processing or sales volumes are included in the Shell share, even if Shell owns less than 100% of the subsidiary. In the case of equity-accounted investments, however, Shell-share figures are limited only to Shell's entitlement. In all cases, royalty payments in kind are deducted from the Shell share.

The Summary Financial Statements contained in this Review are an abridged version of the Consolidated Financial Statements which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. As applied to Shell, there are no material differences from IFRS as issued by the International Accounting Standards Board (IASB); therefore, the Consolidated Financial Statements have been prepared in accordance with IFRS as issued by the IASB. IFRS as defined above includes interpretations issued by the IFRS Interpretations Committee.

Except as otherwise noted, the figures shown in this Review are stated in US dollars. As used herein all references to "dollars" or "$" are to the US currency.

The Summary Business Review, an extract of the full Business Review, and other sections of this Review contain forward-looking statements concerning the financial condition, results of operations and businesses of Shell. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Shell to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "goals", "intend", "may", "objectives", "outlook", "plan", "probably", "project", "risks", "scheduled", "seek", "should", "target", "will" and similar terms and phrases. There are a number of factors that could affect the future operations of Shell and could cause those results to differ materially from those expressed in the forward-looking statements included in this Review, including (without limitation): (a) price fluctuations in crude oil and natural gas; (b) changes in demand for Shell's products; (c) currency fluctuations; (d) drilling and production results; (e) proved reserves estimates; (f) loss of market share and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) the risk of doing business in developing countries and countries subject to international sanctions; (j) legislative, fiscal and regulatory developments including regulatory measures as a result of climate changes; (k) economic and financial market conditions in various countries and regions; (l) political risks, including the risks of expropriation and renegotiation of the terms of contracts with government entities, delays or advancements in the approval of projects and delays in the reimbursement for shared costs; and (m) changes in trading conditions. Also see "Risk factors" for additional risks and further discussion. All forward-looking statements contained in this Review are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of this Review. Neither the Company nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this Review.

This Review contains references to Shell's website and to the Shell Sustainability Report. These references are for the readers' convenience only. Shell is not incorporating by reference any information posted on www.shell.com or in the Shell Sustainability Report.

This Review, as well as a Dutch language version of it, and the Annual Report and Form 20-F are available, free of charge, at www.shell.com/annualreport or at the offices of Shell in The Hague, the Netherlands and London, UK. Copies of this Review also may be obtained, free of charge, by mail.

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